

COVER SHEET

A	S	O	9	2	0	6	4	4	1
---	---	---	---	---	---	---	---	---	---

SEC Registration Number

[illegible][illegible][illegible]

(Company's Full Name)

E	N	Z	O		B	L	D	G		3	9	9		S	E	N		G	I	L		P	U	Y	A	T			
---	---	---	---	--	---	---	---	---	--	---	---	---	--	---	---	---	--	---	---	---	--	---	---	---	---	---	--	--	--

[illegible][illegible]

(Business Address: No., Street City / Town / Province)

Ronna C. De Leon

Contact Person

88041978/88041977

Company Telephone Number

SEC FORM 17-A

1	2
---	---

Month
Fiscal Year

3	1
---	---

Day

FORM TYPE

0	6
---	---

Month

2	6
---	---

Day

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

--	--	--

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

358

Total No. of Stockholders

Domestic

--	--

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2019
2. SEC Identification Number ASO92-06441 3. BIR Tax Identification No. 001-945-016
4. Exact name of issuer as specified in its charter SOCResources, Inc.
5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
Incorporation or organization
7. 4th Floor Enzo Building 399 Senator Gil Puyat Avenue, Makati 1200
City Postal Code
Address of principal office
8. (632) 8804-1978 / 8804-1977
Issuer's telephone number, including area code
9. SOUTH CHINA RESOURCES, INC./ ENZO Bldg. Senator Gil Puyat Avenue
Makati City
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <u>Common Shares</u> | <u>901,920,568</u> |
11. Are any or all of these securities listed on a Stock Exchange?
- Yes [☒] No [☐]
- Name of Stock Exchange Class of Securities Listed
- Philippine Stock Exchange U

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the issuer was required to file such reports);

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒] No [☐]

13. Aggregate market value of the voting stock held by non-affiliates is **₱ 366,847,637** as of **June 30,2020**.

TABLE OF CONTENTS

	Page
 Part I - BUSINESS AND GENERAL INFORMATION	
Item 1 Business.....	1
Item 2 Properties	2
Item 3 Legal Proceedings.....	2
Item 4 Submissions of Matters to a Vote of Security Holders	4
 Part II – OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market for Issuer’s Common Equity and Related Stockholder Matters	4
Item 6 Management’s Discussion and Analysis or Plan of Operation.....	6
Item 7 Financial Statements.....	17
Item 8 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	17
 Part III - CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors and Executive Officers of the Issuer	17
Item 10 Executive Compensation	17
Item 11 Security Ownership of Certain Beneficial Owners and Management.....	19
Item 12 Certain Relationships and Related Transactions	21
 Part IV – CORPORATE GOVERNANCE	
Item 13 Corporate Governance	21
 Part V - EXHIBITS AND SCHEDULES	
Item 14 a. Exhibits.....	22
b. Reports on SEC Form 17-C.....	22
SIGNATURES	23
 Part VI – SUSTAINABILITY REPORT	
 INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS

The Securities and Exchange Commission (SEC), on October 30, 2003, approved the amendment of the Company's Articles of Incorporation to change the primary purpose thereof to that of a holding company and to include its then primary purpose of oil exploration as among the secondary purposes of the Company.

On April 25, 2014, the Board of Directors approved the amendment in the Articles of Incorporation to change the name of South China Resources, Inc. to SOCResources, Inc. (SOC). The change was approved by the Philippine SEC on September 04, 2014.

SOC was incorporated and registered with the SEC on September 25, 1992 primarily to undertake oil and gas exploration, development and production and became one of the leading exploration companies upon its listing in 1994. Starting in 1995, SOC opted to strengthen its core business by diversifying into other investments. After two decades, the company has now turned out to be one of the strongest holding companies in the market having had investments in real estate, steel fabrication, banking, telecommunications, and energy exploration.

The diversification process brought on by the financial crisis of the 90's, and honed through the years, allowed SOC to invest in technology based and long-term ventures. This gave the company the means to weather the lows of the period.

In response to the growing need for affordable housing for Filipinos, SOC followed on through the real estate business by acquiring on May 26, 2010 a 2.4-hectare plot in Buli, Muntinlupa strategically located along the South Luzon Expressway. It formed SOC Land Development Corporation (SOC Land), a wholly owned subsidiary, that put up quality homes at affordable prices SOC Land Development Corporation (SOC Land) is a wholly-owned subsidiary of the issuer with an authorized capital stock of One Hundred Sixty Million Pesos (PHP 160,000,000.00), a subscribed capital stock of Forty Million Pesos (PHP 40,000,000.00) and a paid-up capital of Ten Million Pesos (PHP 10,000,000.00). The subsidiary is the property development arm of the company, that is developing a 2.4-hectare community, called Anuva Residences (the Project), situated near Sucat Interchange. It will have four (4) tandem buildings. The total estimated cost of the Project is ₱4.0 billion

The first tandem building of ANUVA RESIDENCES, the "ANALA", projects a Fun Zone image showcasing the Wet and Dry Play Area for children. The building was completed and delivered last May 16, 2015 during the turnover ceremony held on the same day.

Amenities facing Analá including the wading pool, children's playground, al fresco area, cascading water, pond and Trellis Park have been finished as of end 2016 for the residents' use and enjoyment as well as the parking slots in the lower ground floor for the residents to use.

The second tandem building known as AZALEA is currently in a preselling stage focusing on the Green Urban Living image with amenities like the reflecting pool, adult and kiddie pool, cascades, picnic groves, clubhouse, garden party and BBQ area.

SOC Land's latest project is a horizontal residential development, ALTHEA RESIDENCES. It is situated in Brgy. Zapote, Biñan City, Laguna and featuring modern homes with tranquil vibe spread in 4.3 hectares of land. While a number of house and lot units have been completed, additional construction of other house and lot units is ongoing. Phase 2 of ALTHEA RESIDENCES is in the planning stage and is expected to be formally launched in 2019.

SOC has identified other areas for potential investment. To address a growing population, now estimated at 100 million Filipinos and increasing every year, SOC looks at food production. The Company believes that a rising population coupled with rising incomes will drive greater food consumption. Opportunities have been identified to get in this value chain to grow a long-term business that will allow expansion laterally and vertically.

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL have been conferring with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development of over 3200 hectares

of the IP area.

The country needs both conventional and renewable energy resources to address its power requirements. SOC is investigating conventional and renewable energy resources, that can provide for base load power that is sustainable for the long term and therefore provide for a steady income stream for the company.

Principal products or services and their distribution; competition in the industry; sourcing of raw materials and principal suppliers; dependence on one or few customers; transactions with and/or related parties; and patents, trademarks, licenses, franchises, concessions, royalty agreement, or labor contracts are not applicable with the registrant at this time.

The Company's subsidiary is SOC Land Development Corporation as of December 31, 2019.

The Company does not expect any significant changes in its number of employees. Presently, the Company has a total of six (6) officers and employees, all working full-time, one (1) Chairman, one (1) Vice-President for Operations, one (1) Vice-President for Finance, one (1) Accounting Manager, one (1) Accounting Assistant and one (1) Messenger. The Company has no Collective Bargaining Agreements (CBA).

ITEM 2: PROPERTIES

On May 26, 2010, the Board of Directors in a special meeting, adopted a resolution authorizing the purchase by the Company of a 24,022.90 sq.m. parcel of land located at the East Service Road of South Superhighway, Brgy. Buli, Muntinlupa City, Metro Manila, registered in the names of, among others, the Company's majority Directors, and major stockholders, Edgardo P. Reyes, Wilfrido P. Reyes and Belen R. Castro at a purchase price of P312,298,000.00. On July 28, 2010, SOC Resources completed the purchase of the land.

On March 4, 2011, in exchange for 312,298 additional shares in SOC Land, the Parent Company transferred the said investment property with a fair value of ₱312.3 million.

In 2014, SOC Land acquired a property in Binan, Laguna and will be the first house and lot/lots only project of the Company that will be known as Althea Residences (Althea). Althea was formally launched in November 2014 and initially offer 214 choice lots, commercial and residential combined.

The Company's office is located at 4f Enzo Building, 399 Senator Gil Puyat Avenue, Makati City.

ITEM 3: LEGAL PROCEEDINGS

The following cases were filed by the Company regarding the Makati City's assessment of alleged deficiency business taxes:

1. **South China Resources, Inc. v. Office of the City Treasurer and/or Makati City**

Civil Case No. 14-165

Regional Trial Court, Makati City, Branch 66

CTA Case No. AC-NO-197

CTA-EB No. 2154

Court of Tax Appeals, Quezon City

This is a petition under Section 195 of the Local Government Code (LGC) of 1991 assailing the: (a) City Treasurer of Makati's "Notice of Assessment No. 13-00381" dated 12 November 2013 issued against the Corporation, for the amount of ₱4,872,182.45, allegedly representing local business taxes deficiencies, fees and surcharges; and (b) the "Notice of Assessment for South China Resources, Inc. under Letter of Authority No. 2013-0502" dated 8 January 2014, which denied the Corporation's Protest dated 21 December 2013.

This case proceeded to trial before the Regional Trial Court (RTC), Makati City, Branch 66 after mediation proceedings before the Philippine Mediation Center and Judicial Dispute Resolution (JDR) hearings failed.

Having submitted their formal offer of documentary evidence, the parties submitted their respective memoranda and the case was thereafter submitted for decision.

In a Decision dated 11 October 2017, the case was dismissed by the Regional Trial Court (RTC). The Corporation filed a Motion for Reconsideration dated 10 November 2017, which was denied by the RTC.

Thus, the Corporation filed its Petition for Review before the Court of Tax Appeals (CTA) on 9 February 2018, which the CTA granted in its Decision dated 30 April 2019. Thereafter, respondent filed his "Respondent's Motion for Reconsideration" dated 21 May 2019, which the CTA denied in its Resolution dated 30 August 2019 for lack of merit.

Thus, the City Treasurer of Makati filed his "Petition for Review (of the Decision dated 30 August 2019)" dated 18 September 2019 with the CTA-En Banc. SOCResources, Inc. then filed its "Comment [On Petitioner's "Petition for Review (of the Decision dated 30 August 2019)"] dated 18 September 2019" dated 28 November 2019. Thereafter, in its Resolution dated 26 December 2019, the CTA-En Banc submitted the Petition for resolution.

2. **South China Resources, Inc. v. Office of the City Treasurer and/or Makati City**
S.P. Proc. No. M-7835
Regional Trial Court, Makati City, Branch 147

This is a petition under Section 195 of the LGC of 1991, assailing: (a) the Billing Assessment dated 13 January 2015 ("Billing Assessment") issued by the Business Permits Office of the City of Makati against the Corporation for the amount of ₱981,478.00, allegedly representing local business taxes and fees in connection with the Corporation's application for business permit renewal for 2015; and (b) respondent Treasurer's inaction on the Corporation's Letter Protest dated 25 February 2015.

In view of respondents' failure to file their answer within fifteen (15) days from service of the Summons on 17 August 2015, or until 1 September 2015, petitioner filed its "Motion to Declare Respondents in Default" dated 6 January 2016 (the "Motion"). Meanwhile, respondents filed their "Comment (to Plaintiff's Motion to Declare Respondents in Default)" dated 28 January 2016, stating that they failed to file their answer due to excusable negligence, consisting of heavy workload and manpower constraints in the Office of the City Attorney.

In its Order dated 21 March 2016, the court granted our Motion. Respondents filed their "Motion for Reconsideration (to Set Aside Order of Default and to Admit Attached Answer)" dated 6 May 2016. In its Order dated 30 June 2016, the court lifted the order of default against respondents and admitted their Answer.

The court-annexed mediation and JDR in this case were terminated by both parties. In view thereof, the court issued the Order dated 7 December 2016, referring this case to the Office of the Clerk of Court for re-raffle. The case was re-raffled to Regional Trial Court, Makati City, Branch 147.

Upon its re-raffle, trial ensued and the case was submitted for decision. The RTC dismissed the case together with Civil Case No. 14-165. SOCResources filed its Motion for Reconsideration on 10 November 2017, which was denied by the RTC on 12 January 2018.

Thus, the Corporation filed a Petition for Review dated 12 February 2018 before the Court of Tax Appeals (CTA), which was granted in the Decision of the CTA dated 17 October 2018. In said Decision, the CTA cancelled Billing Assessment and ordered the respondents to credit the Corporation's payment in the amount of Php981,478.90 to its future business tax and regulatory fee obligations, including the Corporation's regulatory fee as a holding company for taxable years 2014 and 2015. The respondents filed a Motion for Reconsideration dated 19 November 2018, which the Corporation opposed through the filing of an "Opposition with Motion to Expunge" dated 18 December 2018. The CTA denied respondents' Motion for Reconsideration in its Resolution dated 29 April 2019, for lack of merit.

Thus, the City Treasurer filed his "Petition for Review (of the Decision dated April 16, 2019)" dated 4 June 2019 with the CTA-En Banc, which the Corporation opposed in its "Opposition with Motion to Expunge" dated 18 October 2019. Petitioner then filed his "Comment/Opposition" dated 28 November 2019. Thereafter, the Corporation filed its Reply dated 13 December 2019.

The following case was likewise filed by the Company in relation to its application for the registration of the trademark "Blumoon":

1. *Application for the Registration of Trademark for “Bluemoon”*

Application No.: 4-2018-017704

Intellectual Property Office, Taguig City

This is an application for the registration of the trademark “Bluemoon”, Class 30, dated 3 October 2018, which SOCResources, Inc. filed with the Intellectual Property Office (IPO). The IPO then sent its Registrability Report dated 26 October 2018, urging SOCResources, Inc. to file its Responsive Action dated 2 January 2019. Thereafter, the IPO sent its “Notice of Allowance” dated 19 January 2018 requiring SOCResources, Inc. to pay the first and second publication fee and insurance fee in the aggregate amount of Php3,151.60, which SOCResources, Inc. complied with in its letter dated 26 February 2019 enclosing its payment of the said amount.

On 24 May 2019, the IPO issued SOCResources, Inc.’s Certificate of Registration, with the following details: (a) Registration Number 4/2018/00017704; (b) Registered on 4 April 2019; and (c) for a term of ten years or until 4 April 2029.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders, during the fourth quarter of the calendar year covered by this report through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5: MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

The Principal Market where the Issuer’s common equity is traded is in the Philippine Stock Exchange.

As of the trading date, June 30, 2020, the high and low price is ₱0.64 and ₱0.60 respectively and the price closed at ₱0.61. The Corporation has no securities to be issued in connection with an acquisition, business combination or other re-organization. Furthermore, the following are the high and low sales prices for each quarter within the last two years (2019 and 2018).

Stock Prices

2019	High	Low
First Quarter	1.10	1.00
Second Quarter	0.86	0.82
Third Quarter	0.89	0.86
Fourth Quarter	0.79	0.74
2018	High	Low
First Quarter	0.83	0.81
Second Quarter	0.78	0.78
Third Quarter	0.81	0.81
Fourth Quarter	0.74	0.74

(2) Holders

The number of shareholders of record as of December 31, 2019 was 358. Common shares issued and outstanding as of December 31, 2019 were **901,920,568**.

Top Twenty (20) Stockholders

As of December 31, 2019

	HOLDER NAME	TOTAL SHARES	% OWNED
1	CASTRO, BELEN R.	231,531,122	25.6709%
2	REYES, EDGARDO P.	229,853,123	25.4849%
3	REYES, WILFRIDO P.	226,853,123	25.1522%
4	PCD NOMINEE CORP. (FILIPINO)	162,014,829	17.9633%
5	CHUA, BENJAMIN UY	10,551,500	1.1699%
6	PCD NOMINEE CORP. (NON-FILIPINO)	7,819,671	0.8670%
7	R. COYIUTO SECURITIES, INC.	1,825,000	0.2023%
8	DE VILLA, LUISMI GALA	808,000	0.0896%
9	ESCALER, MICHAEL	630,000	0.0699%
10	PEREZ, MA. GEORGINA V.	610,000	0.0676%
11	MANGUIAT, REMEDIOS J.	580,000	0.0643%
12	CRUZ, BENITO T. DELA	520,000	0.0577%
13	MERCADO, TERESITA P.	500,000	0.0554%
14	CHUA, ROJAS	500,000	0.0554%
15	MITRA, RAMON	500,000	0.0554%
16	OSMENA, RAMON	500,000	0.0554%
17	CABANES, LORETO	500,000	0.0554%
18	ESTRADA, JOSEPH	500,000	0.0554%
19	LAYOSA, EDNA L.	500,000	0.0554%
20	F. YAP SECURITIES, INC.	440,000	0.0488%

(3) Recent Sale of Unregistered or Exempt Securities

There had been no sale of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction by the Company in the last three years.

(4) Public Ownership Report as March 31, 2020

In compliance with Philippine Stock Exchange Amended Rule on Minimum Public Ownership (the “Amended MPO Rule”) as announced in Memorandum CN – No. 2012-0003 dated January 3, 2012 stating that a listed company shall include in its annual report a statement on the level of its public float. The statement should be based on information that is publicly available to the listed company and within the knowledge of its directors as at the end of the fiscal year, or at the latest practicable date, prior to the issuance of the annual report. Hereunder is the computation of company’s public ownership percentage as of March 31, 2020:

The Company is in a favorable situation wherein its current cash position allows it to review other businesses wherein it may invest.

The following are the estimated cash requirements for SOCRessources' operations in the next twelve months which are dependent on opportunity acquisition.

Agri-Business	\$3MM
Other Energy, Mineral & Resources Based Opportunities	\$ 200K for Assessment Studies

The Company's consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

CONSOLIDATED RESULTS OF OPERATIONS

2019 VS 2018 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2019	December 31, 2018	% CHANGE
REVENUES	136,590,509	164,398,236	-16.91%
COST AND EXPENSES	139,460,732	151,311,532	-7.83%
INCOME (LOSS) BEFORE INCOME TAX	(2,870,223)	13,086,704	-121.93%
PROVISION FOR INCOME TAX	(449,582)	5,250,251	-108.56%
NET INCOME/(LOSS)	(2,420,641)	7,836,453	-130.89%
OTHER COMPREHENSIVE INCOME (LOSS)	(9,835,701)	8,180,637	-220.23%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(12,256,342)	16,017,090	-176.52%

2019 VS 2018: RESULTS OF OPERATIONS

Revenue for the year ended 2019 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱112.58M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱23.13.M and;(3) Dividend Income from domestic shares of stocks amounting to ₱0.39M. The decrease in the total cost and expenses is attributable to the 4% decrease in the general and administrative expenses of the group coupled with the 45% decrease in the sales and marketing expense. Other comprehensive loss for the current year 2019 pertains to the decrease in market value of equity holdings by the parent company and the consolidated actuarial losses.

CONSOLIDATED RESULTS OF OPERATIONS
2018 VS 2017 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2018	December 31, 2017	% CHANGE
REVENUES	164,398,236	83,850,699	96.06%
COST AND EXPENSES	151,311,532	106,670,361	41.85%
INCOME (LOSS) BEFORE INCOME TAX	13,086,704	(22,819,662)	157.35%
PROVISION FOR INCOME TAX	5,250,251	3,444,809	52.41%
NET INCOME/(LOSS)	7,836,453	(26,264,471)	129.84%
OTHER COMPREHENSIVE INCOME (LOSS)	8,180,637	701,277	1066.53%
TOTAL COMPREHENSIVE INCOME/(LOSS)	16,017,090	(25,563,194)	162.66%

2018 VS 2017: RESULTS OF OPERATIONS

Revenue for the year ended 2018 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱137M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱17.5M;(3) Dividend Income from domestic shares of stocks amounting to ₱0.4M;(4) net foreign exchange gain amounting to ₱0.3M (5) other income amounting to ₱8.3M and (6) gain on redemption of UITF amounting to ₱0.09M. The increase in the total cost and expenses is attributable to the increase in the recognized cost of sales for real estate sales and the general and administrative expenses of the group. Other comprehensive income for the current year 2018 pertains to the increase in market value of equity holdings by the parent company and the consolidated actuarial gain.

For the year ended December 31, 2018, SOC and its subsidiary posted a consolidated net income of ₱7.8M, a 129.84% year-on-year (YoY) increase. This translated to earnings per share of ₱.0087 for the year in review.

CONSOLIDATED RESULTS OF OPERATIONS
2017 VS 2016 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2017	December 31, 2016	% CHANGE
REVENUES	83,850,699	211,507,476	-60.36%
COST AND EXPENSES	106,670,361	184,369,488	-42.14%
INCOME (LOSS) BEFORE INCOME TAX	(22,819,662)	27,137,988	-184.09%
PROVISION FOR INCOME TAX (Current)	1,276,648	1,373,128	-7.03%
PROVISION FOR INCOME TAX (Deferred)	2,168,161		100.00%
NET INCOME/(LOSS)	(26,264,471)	25,764,860	-201.94%
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	736,513	8,114,806	-90.92%
ACTUARIAL GAINS (LOSS)	(35,236)	195,764	-118.00%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(25,563,194)	34,075,430	-175.02%

2017 VS 2016: RESULTS OF OPERATIONS

Revenue for the year ended 2017 consists of: (1) recognized sale on real estate for SOC Land amounting to ₱65M;(2) Interest Income on time deposits, savings account and installment sales of real estate amounting to ₱13M;(3) Dividend Income from domestic shares of stocks amounting to ₱0.3M;(4) net foreign exchange gain amounting to ₱0.2M and (5) other income amounting to ₱5M. The decrease in the total cost and expenses is attributable to the decrease in the recognized cost of sales for real estate sales and the general and administrative expenses of the group.

The provision for deferred tax liabilities pertains to the excess of deferred tax liabilities over the deferred tax assets of the group. Deferred tax liabilities consist of difference between tax and book basis of accounting for real estate transactions, Gain on repossession and Unrealized foreign exchange gain. Deferred tax liabilities are fair value changes of AFS financial assets and actuarial gains on defined benefit plan.

**CONSOLIDATED FINANCIAL POSITION
2019 VS 2018 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	December 31, 2019	December 31, 2018	% CHANGE
CURRENT ASSETS	1,754,219,202	1,661,737,122	5.57%
NONCURRENT ASSETS	118,451,229	138,928,258	-14.74%
TOTAL ASSETS	1,872,670,431	1,800,665,380	4.00%
CURRENT LIABILITIES	189,278,712	132,367,316	43.00%
NONCURRENT LIABILITIES	58,034,103	31,306,606	85.37%
TOTAL LIABILITIES	247,312,815	163,673,922	51.10%
EQUITY	1,625,357,616	1,636,991,458	-0.71%
TOTAL LIABILITIES AND EQUITY	1,872,670,431	1,800,665,380	4.00%

2019 VS 2018: FINANCIAL CONDITION

The net effect of the following has caused the 6% increase in the current assets of the group: (1) 22% increase in cash and cash equivalents as against 2018 due to the interest income earned from investments and collections made by the subsidiary, SOCLand from sale of real estate;(2) Receivable's decrease was brought about by reclassification of P26.74 million to contract assets;(3) Contract asset increased by 75% to the net effect of decrease in inventory of related sold units for both Anala and Althea units, payments to designs contractors for Azalea Project.:(5) Decrease in Real Estate Inventories due to the recognition of cost of sales amounting to P68M and (5) Other current assets decreased due to the net effect of advance commissions paid on units not yet recognized as sales, offset of creditable income tax against tax payable and amortization of prepayments. As at December 31, 2019, contract liabilities amounted to P129.10M. These are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2018 amounting to P81.79M were recognized as revenue in 2019.

Decrease in noncurrent liabilities is due to the increase in noncurrent contract liabilities amounting P34.33M.

**CONSOLIDATED FINANCIAL POSITION
2018 VS 2017 (AUDITED)**

(in Philippine pesos)

ACCOUNTS	December 31, 2018	December 31, 2017	% CHANGE
CURRENT ASSETS	1,661,737,122	1,580,418,340	5.15%
NONCURRENT ASSETS	138,928,258	177,651,914	-21.80%
TOTAL ASSETS	1,800,665,380	1,758,070,254	2.42%
CURRENT LIABILITIES	132,367,316	128,277,782	3.19%
NONCURRENT LIABILITIES	31,306,606	8,818,104	255.03%
TOTAL LIABILITIES	163,673,922	137,095,886	19.39%
EQUITY	1,636,991,458	1,620,974,368	0.99%
TOTAL LIABILITIES AND EQUITY	1,800,665,380	1,758,070,254	2.42%

2018 VS 2017: FINANCIAL CONDITION

The net effect of the following has caused the 5.15% increase in the current assets of the group: (1) 5X increase in cash equivalents as against 2017 due to the investment of proceeds from sale of treasury bills to time deposit, interest income earned from investments and gain in redemption of UITF;(2) Receivable's decrease was brought about by reclassification of P26.74 million to contract assets;(3) Real estate for sale dropped by 2.38% or P25.96 million due to the decrease in the inventory of units sold.; and (4) Increase in other current assets was due to the creditable taxes remitted on fully paid units and refundable deposits for office rental and (5) the decrease in Real estate inventories for the year 2018 as against 2017 was due to the decrease in the development cost incurred and the repossessed inventory. The increase in the current liabilities was due to the increase in the customers' deposit for real estate sales. Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2017 and the deferred tax liabilities. The 2.42% increase in the total assets of the group as of year ended 2018 was due to SOCLand's net income of P 13.52 million a 176% turnaround from last year's net loss of P17.89 million.

CONSOLIDATED FINANCIAL POSITION

2017 VS 2016 (AUDITED)

(in Philippine pesos)

ACCOUNTS	December 31, 2017	December 31, 2016	% CHANGE
CURRENT ASSETS	1,580,418,340	1,583,484,810	-0.19%
NONCURRENT ASSETS	177,651,914	181,480,430	-2.11%
TOTAL ASSETS	1,758,070,254	1,764,965,240	-0.39%
CURRENT LIABILITIES	128,277,782	114,205,459	12.32%
NONCURRENT LIABILITIES	8,818,104	4,222,219	108.85%
TOTAL LIABILITIES	137,095,886	118,427,678	15.76%
EQUITY	1,620,974,368	1,646,537,562	-1.55%
TOTAL LIABILITIES AND EQUITY	1,758,070,254	1,764,965,240	-0.39%

2017 VS 2016: FINANCIAL CONDITION

The net effect of the following has caused the slight dropped of 0.19% in the current assets of the group: (1) 4% increase in cash and cash equivalents plus the short term investments due to interest income earned from investment in treasury bills and gain in redemption of UITF;(2) Receivables decreased by 24% due to the net effect of the collection of accounts pertaining to Anala, the first tandem building of SOCLand, which were turned over last May 2015 and the recognition of sales for those units of which 20% of the total contract price was collected;(3) Real Estate for sale increase by 1% due to the recognition of the cost of units sold; and (4) other current assets decreased due to the decrease in input vat recognized as current.

The increase in the current liabilities was due to the 42% increase in the customers' deposit for real estate sales.

Increase in noncurrent liabilities refers to the recognized retirement liability for the year 2017 and the deferred tax liabilities.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2019, 2018 and 2017:

Key Financial Ratios	December 31, 2019	December 31, 2018	December 31, 2017
Revenue Growth			
(Total Revenues (current period) - Total Revenues (prior period))/Total Revenues (prior period)	-16.91%	96.06%	-60.36%
Net income Growth/(Decline)			
Net Income (after tax) (current period)- Net income (prior period, after tax)/Net income (prior period, after tax)	-130.89%	129.84%	201.94%
Solvency Ratio			
(After Tax Net Income+Depreciation)/Total Liabilities	0.61%	6.54%	-17.39%
EBITDA			
Income from operations plus depreciation and amortization	P 1,518,682	P10,708,661	(P 23,842,405)
Asset to Equity Ratio			
Total Assets/Total Equity	1.1522 x	1.1000 x	1.0846 x
Return on Equity (ROE)			
Net income/ Equity	-0.15%	0.48%	-1.62%
Return on assets (ROA)			
Net income/ Total Assets	-0.13%	0.44%	-1.49%
Current/Liquidity ratio			
Current Assets/ Current Liabilities	9.27 x	12.55 x	12.32 x
Debt to Equity Ratio			
Total Liabilities/ Equity	0.1522 x	0.1000 x	0.0846 x

2019 VS 2018

The 5.6% and 43% increase in current assets and current liabilities respectively as of year ended 2019 has caused the current ratio to go down by 3.28 x as against year ended 2018.

A slight increase on the asset to equity ratio was due to the increase in the total assets of the group.

The increase in debt to equity ratio was mostly driven by the recognition of deferred tax liabilities pertaining to difference between tax and book basis of accounting for real estate transactions, gain on repossession, unrealized foreign exchange gain and fair value changes of equity investments at fair value through other comprehensive income.

2018 VS 2017

The 4.94% and 15.7% increase in current assets and current liabilities as of year ended 2018 has caused the current ratio to go down by 1.23x as against year ended 2017.

There has been an outstanding 96.06% revenue growth as of year ending 2018 as against the negative 60.36% the prior year. The subsidiary posted a net income of P 13.52 million a 176% turnaround from last year's net loss of P17.89 million. Total sales recognized for the Anala and Althea is at P25.74 million and P111.92, respectively, for the year 2018.

A 6.51% solvency ratio for the group, 0.48% return on equity and 0.44% return on assets was due to the ₱7.8M net income as of year ended December 31, 2018.

A slight increase on the asset to equity ratio was due to the increase in the total assets of the group.

The increase in debt to equity ratio was mostly driven by the recognition of deferred tax liabilities pertaining to difference between tax and book basis of accounting for real estate transactions, gain on repossession, unrealized foreign exchange gain and fair value changes of equity investments at fair value through other comprehensive income.

2017 VS 2016

The 0.19% decrease in current assets coupled with the 12% increase in current liabilities for the year ended 2017 has caused the current ratio to go up by 0.09 x as against year ended 2016.

A slight increase on the asset to equity ratio was due to the decrease in the total assets of the group particularly receivables and a decrease also on the equity.

The group was able to maintain its high debt to equity ratio. Increase on total liabilities was mostly driven by the recognition of deferred tax liabilities pertaining to difference between tax and book basis of accounting for real estate transactions, gain on repossession, unrealized foreign exchange gain and fair value changes of AFS financial assets.

PROSPECTS FOR THE FUTURE

The outlook for SOC in the coming years is quite optimistic. Even with the refocus in business interests, new opportunities seem to look very promising and are discussed below.

(1) Prospects for SOC Land Development Corporation

SOC's investment into property development is seen as an important aspect in enhancing its shareholder value. The government estimates the country's housing backlog at almost 4 million. There lies the opportunity to serve a basic need of Filipinos. In November 2010, SCRI diversified its business and invested into real property development through SOC Land Development Corporation (SOC Land), a wholly-owned subsidiary with the primary purpose to deal and engage in real estate business.

SOC Land is developing a 2.4-hectare community, called Anuva Residences (the Project), situated near Sucat Interchange and will have four (4) tandem buildings. The first tandem building, Anala, was completed and delivered last May 16, 2015 during the turnover ceremony held on the same day

SOC land officially launched in Nov. 15, 2015, its newest horizontal residential development project, Althea Residences. It is situated in Brgy. Zapote, Biñan City, Laguna and will feature modern homes with a tranquil vibe spread in 4.3 hectares of land. Homeowners can choose from three housing options and the subdivision offers a variety of first class amenities. For this project, road networks have been completed including the Entrance Gate/Guardhouse and the Model Houses. It is strategically located near schools, churches, commercial establishments and malls, hospitals and government offices.

(2) Prospects for Agri-based businesses

The Company entered into an agreement with the Palawan ICC (Indigenous Cultural Community) Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) awarded the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are securing documentation for an ECC for the project.

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide. The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs at a cost of P7B.

Coconut, also called the “tree of life” is an established commercial plant wherein its derived products are used domestically and internationally.

The Company is also investigating the possibility into entering the dairy/livestock industry.

(3) Prospects for Other Energy, Mineral and Other Resource Based Opportunities

The Company continues to review potential energy resources as it explores entry into opportunities in other conventional and renewable energy resources.

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of fees last August 5, 2020. The application is undergoing evaluation by MGB Region VII office.

The global situation in recent years presents opportunities for the Company to seek entry into the mineral resource based sector.

DIVIDEND DECLARATION

The Company has no earnings yet from commercial production pertaining to the oil exploration segment of the business hence there were no dividends declared for the period ended December 31, 2019 and two years ended December 31, 2018 and December 31, 2017.

KEY VARIABLE AND OTHER QUALITATIVE AND QUANTITATIVE FACTORS

There are no material trends, events or uncertainties that are reasonably expected to occur in the next twelve months that will have a material favorable or unfavorable impact on the results of the Company’s liquidity. Should there be material changes in working capital it would be advances from the management to support the Company’s operation or a sale of non-current assets.

There are no significant elements of income or loss that did not arise from the Company’s continuing operations.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or accumulation of an obligation.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

The Company has no plans of changing the number of employees for the next twelve months.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons during the reporting period.

The material changes for this year in comparison with the prior year-end based on line items in the comparative financial statements as of December 31, 2019, 2018 and 2017 are summarized as follows:

ACCOUNTS <i>In Millions</i>	For the Period December 31			% CHANGE	
	2019	2018	2017	2019 vs 2018	2018 vs 2017
Statement of Financial Position					
Cash & Cash Equivalents	557.46	455.63	115.03	22.35%	296.09%
Receivables	30.73	39.39	57.48	-21.98%	-31.47%
Contract Assets - current	46.93	26.74	-	75.48%	100.00%
Real estate inventories	1,058.27	1,066.91	1,092.87	-0.81%	-2.38%
Due from a related party	0.24	0.23	0.19	5.50%	20.40%
Prepayments & Other Current Assets	60.58	72.83	59.02	-16.83%	23.40%
Receivables - net of current portion	15.00	15.00	61.84	0.00%	-75.74%
Equity investments at FVTOCI	43.21	52.29	-	-17.37%	100.00%
Contract Assets - net of current portion	24.12	32.71	-	-26.26%	100.00%
Property & Equipment	37.96	35.98	34.87	5.51%	3.19%
Other noncurrent assets	13.16	17.95	27.50	-26.67%	-34.73%
Accounts Payable & other Liabilities	60.18	50.58	128.28	18.98%	-60.57%
Contract liabilities	129.10	81.79	-	57.84%	100.00%
Retirement benefit obligation	5.78	4.28	4.80	35.05%	-10.72%
Deferred Tax Liability	1.87	10.97	4.02	-82.98%	172.70%
Retained Earnings - Unappropriated	122.33	124.75	116.81	-1.94%	6.80%
Statement of Comprehensive Income					
REVENUES					
Interest Income	23.13	17.66	12.90	31.01%	36.91%
Real estate sales from contract with customers	112.58	137.58	64.93	-18.17%	111.88%
Dividend Income	0.39	0.41	0.3501	-5.69%	17.01%
COST AND EXPENSES					
Cost of real estate sales	66.17	65.72	33.41	0.69%	96.69%
Sales and marketing expenses	13.43	24.51	22.46	-45.21%	9.16%
General and Administrative Expenses	58.13	61.08	50.80	-4.84%	20.24%
Provision for Income Tax	(0.07)	5.25	3.44	-101.37%	52.41%

Discussion for 2019 VS 2018

Cash & Cash Equivalents

Collection of payments from the unit owners of Anala Building as well as reservation fees for the Althea, late payment penalties, forfeited payments, interest earned on in house financing, interest income from short term investments and time deposits and dividend income has caused the increase in cash.

Receivables

Receivable decreased by 22% due to the decrease in receivables from unit owners and condominium corp.

Real Estate inventories

Real estate inventories dropped by 0.81% due to the decreased in the inventory of units sold.

Prepayments & other Assets

Decrease is mainly due to the net effect of the increase in input VAT, advance payment of commission on units sold not recognized yet as sales, offset of creditable income tax as against payable and amortization of prepayments.

Available for Sale Financial Assets

The decrease in the market value of domestic stock holdings of the company.

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits.

Retirement Benefit Obligation

The group recognized ₱0.67M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2019. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

This consists of forfeited buyer deposits, gain on repossession, penalty income and late charges.

Sales and Marketing Expense

46% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱6.16M, 18.43% pertains to consultancy fees amounting to ₱2.4M, 20.87% pertains to product presentation amounting to ₱2.8M and 7.29% makes up for the advertising expense amounting to ₱0.98M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱21.29M (37.08%), Property Management Expense amounting to ₱3.47M (6.04%), Professional fees amounting to ₱3.46M (6.02%), Travel and transportation amounting to ₱6.9M (12.08%) and Taxes & Licenses amounting to ₱3.44M (5.99%).

Discussion for 2018 VS 2017

Cash & Cash Equivalents

Collection of payments from the unit owners of Anala Building as well as reservation fees for the Althea, late payment penalties, forfeited payments, interest earned on in house financing, interest income from short term investments and time deposits and dividend income has caused the increase in cash. The increase in cash equivalent is due to the investment of proceeds from sale of treasury bills to time deposit.

Receivables

Receivable decreased by 47.11% brought about by reclassification of P26.74 million to contract assets.

Real Estate inventories

Real estate for sale dropped by 2.38% or P25.96 million due to the decreased in the inventory of units sold.

Prepayments & other Assets

Decrease is mainly due to the increase in input VAT and refundable deposits.

Available for Sale Financial Assets

The decrease in the market value of domestic stock holdings of the company.

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits.

Retirement Benefit Obligation

The group recognized ₱0.65M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2017. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

This consists of forfeited buyer deposits, gain on repossession, penalty income and late charges.

Sales and Marketing Expense

44% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱10.9M, 33% pertains to consultancy fees amounting to ₱8.14M, 9.58% pertains to product presentation amounting to ₱2.35M and 7.62% makes up for the advertising expense amounting to 7.3M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱17.15M (28%), Property Management Expense amounting to ₱15.06M (24.65%), Professional fees amounting to ₱4.84M (7.93%), Research and development cost amounting to ₱4.47M (7.32%), Travel and transportation amounting to ₱4.1M (6.73%) and Depreciation amounting to ₱2.82M (4.61%).

Discussion for 2017 VS 2016

Cash & Cash Equivalents

Collection of payments from the unit owners of Anala Building as well as reservation fees for the Althea, late payment penalties, forfeited payments, interest earned on in house financing, interest income from short term investments and dividend income has caused the increase of 4% in cash and cash equivalents. An amount of P252M was invested in treasury bills which has already earned an income of P3.3M for the year 2017.

Short-term Investment

Pertains to investment in treasury bills with one year maturity.

Receivables

The decrease on the receivable is due to the collection of sales on account.

Real Estate inventories

An addition of P25.6M for development cost incurred and repossessed inventory amounting to P18.5M with a recognition of P33.4M in cost of real estates caused the slight increase in real estate inventories.

Prepayments & other Assets

Decrease is mainly due to the decrease in input VAT – current portion by P13.6M.

Available for Sale Financial Assets

The decrease in the market value of domestic stock holdings of the company.

Accounts Payable & Other Liabilities

Increase was due to increase in customers' deposits.

Retirement Benefit Obligation

The group recognized ₱0.54M benefit obligation for the retirement plan of the group under defined benefit plans for the year 2017. The group has unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on years of service and compensation on the last years of employment. Normal retirement is the attainment of age 60 and completion of at least 5 years of service.

Other Income

This consists of forfeited buyer deposits, gain on repossession, penalty income and late charges.

Sales and Marketing Expense

37% of the total sales and marketing expense pertains to the commissions and incentives amounting to ₱8.4M, 20% pertains to product presentation amounting to ₱4.5M and 32% makes up for the consultancy fees amounting to 7.3M.

General and Administrative Expenses

The following expenses take the biggest share in the general and administrative expenses: Personnel Cost amounting to ₱14.3M (28%), Taxes and Licenses amounting to ₱4.8M (9%) and Travel and transportation amounting to ₱6.2M (12%).

ITEM 7: FINANCIAL STATEMENTS

The Financial Statements and Schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this SEC Form 17 – A.

ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no changes in and disagreements with independent accountants on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years or any subsequent interim period.

INFORMATION ON INDEPENDENT PUBLIC ACCOUNTANT AND OTHER RELATED MATTERS

Information on Independent Public Accountant

In compliance with SRC Rule 68 Paragraph 3(b) (iv), the engagement partner from Sycip Gorres Velayo & Co. is Mr. Kristoper S. Catalan. Sycip Gorres Velayo & Co. is the incumbent Public Accountant of the Company.

The Company, through its Audit Committee, recommends the re-appointment of Sycip Gorres Velayo & Co. as the Principal Accountant of the Corporation. The Company's Audit Committee is composed of Mr. Manuel G. Arteficio as Chairman, Mrs. Belen R. Castro, Member, and Mr. Wilfrido P. Reyes, Member.

External Audit Fees and Services

In compliance with SEC Memo Circular No. 14 Series of 2004, External Audit Fees, year ended 2019 audit progress billing for SOCResources, Inc. and subsidiary, SOC Land Development amounted to P473,776 and ₱734,765, respectively. External Audit Fees, year ended 2018 audit for SOCResources, Inc. and subsidiary, SOC Land Development amounted to P571,200 and ₱874,720 respectively. No other services were provided and billed for by the external auditors for the last two (2) fiscal years.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUE

(1) Directors and Executive Officers (Information for the last five years)

EDGARDO P. REYES, 74 years of age, Filipino, has been the CHAIRMAN of the Board of Directors of the Company since 1992.; PRESIDENT of International Pipe Industries Corp., Pipe Machinery Corp., Apo Pipe Industries Corp., Reyson Realty & Development Corp., Puyat Flooring Products Inc., Proleo Realty Inc., and BenePara Realty Inc.; SENIOR VICE PRESIDENT of PFM Agro-Industrial Development Corp. and Armorply Concrete Forming Systems Inc.; and, DIRECTOR of Surigao Development Corp., and Puyat Investment & Realty for the past five (5) years. Mr. Reyes is the brother of Mr. Wilfrido P. Reyes and Ms. Belen R. Castro.

WILFRIDO P. REYES, 73 years of age, Filipino, has been the PRESIDENT of the Company since 1992. CHAIRMAN/PRESIDENT of Astranniquin Corp.; EXECUTIVE VICE PRESIDENT/DIRECTOR of Gonzalo Puyat & Sons Inc.; EVP/GENERAL MANAGER of Philippine Flour Mills; SENIOR EXECUTIVE VICE PRESIDENT/DIRECTOR of Puyat Steel Corporation; TREASURER/DIRECTOR of Surigao Development Corp.; SECRETARY/DIRECTOR of Surigao Marine Products, Inc. PRESIDENT of Proleo Realty Inc., and TREASURER/DIRECTOR of International Pipe Industries Corp. for the past five (5) years. Mr. Reyes is the brother of Mr. Edgardo P. Reyes and Ms. Belen R. Castro.

BELÉN R. CASTRO, 72 years of age, Filipino, has been the VICE PRESIDENT, TREASURER & DIRECTOR of the Company since 1992 up to the present and DIRECTOR&ASST.TREASURERof Gonzalo Puyat & Sons, Inc. for the past five(5) years. She is the sister of Mr. Edgardo P. Reyes and Mr. Wilfrido P. Reyes.

MANUEL G. ARTEFICIO, 75 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2007. He

has been PRESIDENT of San Manuel Mining Corp. from 1990 to 2016; Assissi Mining Corp., Bonaventures Mining Corp. and Ignatius Mining Corp., all three from 1994 to present.

FRANCISCO M. BAYOT, JR., 66 years of age, Filipino, has been an INDEPENDENT DIRECTOR of the Company since 2008.; He is the DIRECTOR of Alabang Commercial Corp. since 1990; PRESIDENT/DIRECTOR of Josue Corp since 1990; PRESIDENT/DIRECTOR of JM Investment Corp. since 1990; PRESIDENT/DIRECTOR of Madrigal Condominium Corp. I & Madrigal Condominium Corp. II since 1992; PRESIDENT/DIRECTOR of Susana Realty, Inc., Septimo Realty, Inc., Porep Realty Inc., and Perop Realty, Inc. since 1993; PRESIDENT/DIRECTOR of Madrigal Business Park Association, Inc. since 1994; PRESIDENT/DIRECTOR of Madrigal-Bayot Dev. Corp. since 2008; PRESIDENT/DIRECTOR of Cebu Beacon Storage Corporation since 2015 and INDEPENDENT DIRECTOR of PGA Somp Insurance Corp. since 2018.

MAGILYN T. LOJA., 51 years of age, Filipino, has been the CORPORATE SECRETARY of the Company since 2010. She is a Senior Partner of the Esguerra & Blanco Law Offices. Atty. Loja obtained his Bachelor of Science in Business Administration and Accountancy and Bachelor of Laws from the University of the Philippines. Atty. Loja since 1996, and during the last five (5) years, has been engaged in the practice of law.

DAVID R. BALADAD, 63 years of age, Filipino, has been the VICE PRESIDENT FOR OPERATIONS of the Company since 1994. He obtained his Bachelor of Science in Geology in the University of the Philippines and he is also a licensed Geologist. Prior to joining the Company, Mr. Baladad was the Chief of the Oil and Gas Division of the former Office of Energy Affairs (now DOE) and a consultant to other local exploration companies. He has been directing the operating activities of the Company since 1994 and for the last five (5) years.

ZOSIMO L. PADRO, JR., 60 years of age, Filipino, has been the VICE PRESIDENT FOR FINANCE of the Company since January 2010. He obtained his Bachelor of Science in Business Administration Major in Accounting from the University of Eastern Philippines and Bachelor of Laws from Jose Rizal College. Atty. Padro is also the Vice President for Finance of International Pipe Industries Corp. Atty. Padro since 1990, and during the last five (5) years, has been engaged in the practice of law. He is also a Certified Public Accountant.

Mr. Manuel G. Arteficio and Mr. Francisco M. Bayot, Jr. were elected Independent Directors during the 2019 Annual Stockholders' Meeting. The Nomination Committee nominated Mr. Arteficio and Mr. Bayot as independent directors to be elected during the 2019 Annual Stockholders' Meeting. Both Mr. Arteficio and Mr. Bayot are qualified to be nominated and elected as Independent Directors of the Company in accordance with the qualifications specified with SEC Circular No. 16 Series of 2002 and SEC Circular No. 16 Series of 2006.

Directors elected in the annual stockholders' meeting have a term of office of one (1) year and serve as such until their successors are elected and qualified in the succeeding annual meeting of stockholders.

(2) Significant Employees

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, nor an executive officer, expected to make a significant contribution to the business of the Company on his own.

(3) Family Relationships

Mr. Edgardo P. Reyes, Chairman and CEO; Mr. Wilfrido P. Reyes, President; and Ms. Belen R. Castro, Vice President, Treasurer and Director of the Company are brothers and sister. All other Directors and Executive Officers are not related to each other. Other than the ones disclosed, there are no other family relationships known to the registrant.

(4) Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding required to be disclosed under Part IV paragraph (A)(4) of SRC Rule 12 (Annex C, Amended), including without limitation being the subject of any:

(a) bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being

subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and

(d) order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation, for the past five (5) years up to the latest date, that is material to the evaluation of the ability or integrity to hold the relevant position in the Company.

ITEM 10: EXECUTIVE COMPENSATION

There are no bonuses, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the issuer will participate.

The Group has no pension in which any such person will participate.

There are no employment contracts arrangements for this year.

The aggregate compensation paid or accrued during the last two calendar years and to be paid in the ensuing calendar year to the Chief Executive Officer and three most highly compensated executive officers are as follows:

Name and Principal Position	Year	Salary (P)	Bonus (P)	Other Annual Compensation
Edgardo P. Reyes Chairman / CEO				
David R. Baladad VP-Operations				
Zosimo L. Padro, Jr. VP – Finance				
Ronna C. De Leon Accounting Manager				
Aggregate compensation –	2020	2,300,000(est.)	550,000(est.)	N/A
CEO & all other officers and	2019	2,202,870	530,640	N/A
Directors as a group unnamed	2018	1,960,646	469,140	N/A

Among the directors and officers of the company, only the four (4) stated above are being compensated.

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Certain Record and Beneficial Owners and Management as of December 31, 2019 (owning more than 5% of any class of voting securities)

Title of Class	Name and address of record owner and	Relationship with Issuer	Name of Beneficial ownership and	Citizenship	No. of Shares Held	Percent
----------------	--------------------------------------	--------------------------	----------------------------------	-------------	--------------------	---------

			relationship with record owner			
Common	EDGARDO P. REYES 1371 Caballero St., Dasmariñas Vill, Makati	Director	EDGARDO P. REYES, same person	Filipino	229,853,123	25.4849%
Common	BELEN R. CASTRO 4889 Pasay Road, Dasmariñas Vill, Makati	Director	BELEN R. CASTRO, same person	Filipino	231,531,122	25.6709%
Common	WILFRIDO P. REYES 1545 Mahogany St., Dasmariñas Vill, Makati	Director	WILFRIDO P. REYES, same person	Filipino	226,853,123	25.1522%
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Stockholder	PCD Nominee Corp. (Filipino), depository agent	Filipino	162,014,829	17.9633%

There are no beneficial owners of more than 5% under the PCD Nominee Corporation (Filipino), which owns 17.9633% of the total shares of the Company.

(b) Security Ownership of Management Directors

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common Shares	Edgardo P. Reyes	229,853,123	Direct, Record and Beneficial	Filipino	25.4849%
Common Shares	Belen R. Castro	231,531,122	Direct, Record and Beneficial	Filipino	25.6709%
Common Shares	Wilfrido P. Reyes	226,853,123	Direct, Record and Beneficial	Filipino	25.1522%
Common Shares	Francisco M. Bayot, Jr.	400,000	Direct, Record and Beneficial	Filipino	00.0443%
Common Shares	Manuel G. Arteficio	100,000	Direct, Record and Beneficial	Filipino	00.0111 %
Total		688,737,368			76.3634%

Executive Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common Shares	Edgardo P. Reyes	-----			-----
Common Shares	Wilfrido P. Reyes	-----			-----
Common Shares	Belen R. Castro	-----			-----
Common Shares	David R. Baladad	50,000	Direct, Record and Beneficial	Filipino	00.0055%

Total	50,000	00.0055%

Directors and Officers as a Group

Title of Class	Name of Beneficial owner	Amount of Beneficial ownership	Percent of Class
Common Shares	Directors as a Group	688,737,368	76.3634%
Common Shares	Executive Officers as a Group	50,000	00.0055%
Total		690,609,368	76.3689%

No person holding more than 5% of a class is under a voting trust or similar agreement.

The Company has no arrangements which may result in a change in control of the registrant.

ITEM 12: CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

SOUTH CHINA PETROLEUM INTERNATIONAL, INC. (SCPI)

SCPI is a corporation established to prospect for, explore, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rocks or carbon oils, natural gas and other volatile materials, chemical substance and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein, and to manufacture, refine, prepare for market, buy, sell, import, export and transport and otherwise deal in petroleum and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds and derivatives and other mineral and chemical substances in crude or refined condition, and to generally engage, as may be permitted by law, in the business of, and/or investing in mining, manufacturing, contracting and servicing, in addition to oil exploration.

The total amount of receivable from SCPI as of December 31, 2019 and 2018 amounted to ₱243,387 and ₱230,703 which pertains to the amount paid for the business permit and registration. The amount is due and demandable.

ITEM 13: CORPORATE GOVERNANCE

The Company is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated to promote and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

An evaluation system is being set in place in relation to the provisions of the Revised Manual on Corporate Governance to measure the level of compliance by directors and top management. Also, the Company and its directors, officers and employees complied with all the leading practices and principles on good governance as embodied in the company's Revised Corporate Governance Manual.

The Company believes that the current corporate governance of the Company is sufficient to address its needs.

As per SEC Notice dated 05 April 2018, this portion has been deleted pursuant to SEC Memorandum Circular No. 5, series of 2013. SEC Integrated Annual Corporate Governance Report (I-ACGR) for the year 2019 will be due on or before 31 July 2020.

PART V - EXHIBITS AND SCHEDULES

ITEM 14: EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits – *None*

(b) Reports on SEC Form 17-C

The reports indicated below were filed on SEC Form 17-C during the last six-month period covered by this report.

<u>March 15, 2019</u>	<p>Item 4 and 9</p> <p>The directors, at their meeting held today, 15 March 2019, designated the members of the following Committees for the year 2019:</p> <p>CORPORATE GOVERNANCE COMMITTEE</p> <p>Francisco M. Bayot, Jr. - Chairman Edgardo P. Reyes - Member Manuel G. Arteficio - Member</p> <p>BOARD RISK OVERSIGHT COMMITTEE</p> <p>Manuel G. Arteficio - Chairman Edgardo P. Reyes - Member Francisco M. Bayot, Jr. - Member</p> <p>RELATED PARTY TRANSACTIONS COMMITTEE</p> <p>Manuel G. Arteficio - Chairman Edgardo P. Reyes - Member Francisco M. Bayot, Jr. - Member</p> <p>In the same meeting, the following committee charters and company policies were approved and adopted:</p> <p>BOARD COMMITTEE CHARTERS:</p> <ol style="list-style-type: none">1. Executive Committee Charter2. Nomination and Remuneration Charter3. Corporate Governance Committee Charter4. Risk Oversight Committee Charter5. Related Party Transaction Committee Charter6. Audit Committee Charter
-----------------------	---

	<p>COMPANY POLICIES</p> <ol style="list-style-type: none"> 1. Insider Trading Policy 2. Related Party Transaction Policy 3. Policy and Data Relating to Health, Safety and Welfare of Employees including Company Sponsored Trainings 4. Conflict of Interest Policy 5. Whistleblowing Policy
<u>February 28, 2019</u>	<p>Item 9. Other Events</p> <p>In compliance with letter dated 14 January 2019, a copy of which SOCResources, Inc. received 13 February 2019, please be informed that SOCResources, Inc.' paid a penalty amounting to One Hundred Six Thousand Pesos only (₱106,000.00) to Securities and Exchange Commission (SEC) for non-compliance with the SEC prescribed website template for publicly listed companies pursuant to SEC Memorandum Circular No. 18, series of 2014.</p>
<u>April 15, 2019</u>	<p>Item 9. Other Events</p> <p>Notice is hereby given that the 2019 Annual Meeting of the stockholders of SOCResources, Inc. shall be held on 31 May 2019 at 2:00 P.M. at the West Room of Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City. The Agenda for said meeting is as follows:</p> <ol style="list-style-type: none"> 1. Proof of notice and quorum; 2. Reading and approval of previous Minutes; 3. Report of Management; 4. Ratification of the acts of the Board of Directors and Officers; 5. Election of Directors; 6. Appointment of Auditors; 7. Other Matters: and 8. Adjournment. <p>For the purpose of the meeting, only stockholders of record at the close of business on 02 May 2019 shall be entitled to notice of and to vote at the meeting.</p> <p>If you cannot attend the meeting but would like to be represented thereat, you may appoint a proxy in writing and file the same, together with the appropriate Board resolution for corporate stockholders and Special Power of Attorney for individual stockholders, with the Corporation on or before 22 May 2019. Said proxies shall be validated on</p>


	<p>23 May 2019 at 10:00 a.m. at the Corporation's principal offices at 4th Floor Enzo Bldg. 399 Sen. Gil Puyat Avenue Makati, City.</p> <p>On the day of the meeting, you or your proxy are hereby required to bring this Notice and any form of identification, e.g. driver's license, company ID, TIN card, etc., to facilitate registration.</p>
<u>May 20, 2019</u>	<p>Item 9. Other Events</p> <p>The directors at its meeting held today, May 20, 2019 approved the postponement of the company's Annual Stockholders' Meeting scheduled on the last Friday of May as per company's By-Laws to June 26, 2019, due to the fact that majority of the directors and stockholders representing majority of the outstanding capital stocks are out of the country to attend to their respective urgent business matters that need their personal attention.</p>
<u>June 26, 2020</u>	<p>Item 4. Resignation, Removal or Election of Directors or Officers</p> <p>The stockholders of the issuer (referred herein as the "Company") at their annual meeting held on June 26, 2019, have re-elected the following Directors for the ensuing year:</p> <p style="text-align: center;">Edgardo P. Reyes Wilfrido P. Reyes Belen R. Castro Francisco M. Bayot, Jr. Manuel G. Arteficio</p> <p>Among the directors stated above, Mr. Manuel G. Arteficio and Mr. Francisco M. Bayot, Jr. are Independent Directors.</p> <p>Item 9. Other events</p> <p>That at the same annual meeting, the accounting firm of Sycip Gorres Velayo & Co. was re-appointed as the Company's external auditors for the fiscal year 2019 with Mr. Kristopher S. Catalan being appointed as Engagement Partner.</p>

<p><u>August 05, 2019</u></p>	<p>Item 9. Other events</p> <p>Please be informed that the Company submitted complete payment of fees for its exploration permit application with the Mines and Geosciences Bureau (MGB) Region – 7 for an area covering 843 hectares in Negros Oriental. The exploration permit application is still subject to the evaluation of MGB.</p>
<p><u>October 07, 2019</u></p>	<p>Item 9. Other Events</p> <p>Pursuant to the National Telecommunication Commission (NTC) Memorandum Order No. 10-10-2017, please be advised of the new contact details of the company effective 06 October 2019:</p> <p style="text-align: right;">❖ TEL NO. (02) 8804-1978 ❖ TEL FAX (02) 8804-1977</p>

SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 29 June 2020.


By:


EDGARDO P. REYES
Chairman/CEO


WILFRIDO P. REYES
President


BELEN R. CASTRO
Vice President & Treasurer


DAVID R. BALADAD
Principal Operating Officer



ZOSIMO L. PADRO, JR.
Principal Accounting Officer

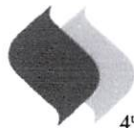

MAGILYN T. LOJA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUN 29 2020 day of 2020 affiant(s) exhibiting to me their valid government issued identification as follows:

Name	Type	No.	Date of Issue	Place of Issue	Expiry
Edgardo P. Reyes	OSCA	29858	Mar 25, 2009	Makati City	N/A
Wilfrido P. Reyes	OSCA	14683	Feb 05, 2007	Makati City	N/A
Belen R. Castro	OSCA	23231	Apr 29, 2008	Makati City	N/A
David R. Baladad	OSCA	22221	Sep 23, 2016	Quezon City	N/A
Zosimo L. Padro, Jr.	IBP	36869	N/A	Manila	N/A
Magilyn T. Loja.	Driver's License	N02-94237237		Manila	May 06, 2022

Doc. No. : 77
Page No. : 17
Book No. : 45
Series of 2020.


RUBEN T.M. RAMIREZ
Notary Public for Makati City
Until December 31, 2021
2086 E. Bonifacio St., Makati City
IBP O.R. No. 0970714/ December 10, 2019
PTR No. 28947/MCLE No. VI-0020246
PTR No. MKT 81170447-02-2020
Appointment No. M-158



SOCResources, Inc.

4th Flr. ENZO Building 399 Senator Gil Puyat Avenue, Makati City
Metro Manila, Philippines 1200

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of SOCResources, Inc. and subsidiary is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

SYCIP GORRES VELAYO & CO., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippines Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:


EDGARDO P. REYES
Chairman/Chief Executive Officer


WILFRIDO P. REYES
President


BELEN R. CASTRO
Vice President/Treasurer

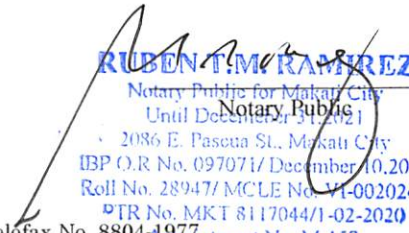

ZOSIMO L. PADRO, JR.
Vice President - Finance

JUN 18 2020

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2020 affiants exhibiting to me their valid government issued identification as follows:

Name	Type	No.	Date of Issue	Place of Issue	Expiry
Edgardo P. Reyes	OSCA	29858	Mar 25, 2009	Makati City	N/A
Wilfrido P. Reyes	OSCA	14683	Feb 05, 2007	Makati City	N/A
Belen R. Castro	OSCA	23231	Apr 29, 2008	Makati City	N/A
Zosimo L. Padro, Jr.	IBP	36869	N/A	Manila	N/A

Doc. No.: 573;
Page No.: 604;
Book No.: 216;
Series of 2020.


RUBEN M. RAMIREZ
Notary Public for Makati City
Until December 31, 2021
2086 E. Pasqua St., Makati City
IBP O.R No. 097071/ December 10, 2019,
Roll No. 28947/ MCLE No. VI-0020246,
PTR No. MKT 8117044/1-02-2020
Appointment No. M-158

Telephone No. 8804-1978 * Telefax No. 8804-1977

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 - 0 6 4 4 1

COMPANY NAME

S O C R E S O U R C E S , I N C . A N D
S U B S I D I A R Y

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

4 t h F l o o r E n z o B u i l d i n g ,
3 9 9 S e n a t o r G i l P u y a t A v e n u e ,
M a k a t i C i t y 1 2 0 0

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

socinfo@southchinaresourcesinc.com.ph

Company's Telephone Number

8804-1978

Mobile Number

N/A

No. of Stockholders

359

Annual Meeting (Month / Day)

05/25

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ronna C. De Leon

Email Address

ronnadeleon_soc@yahoo.com.ph

Telephone Number/s

8804-1978

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

Opinion

We have audited the consolidated financial statements of SOCResources, Inc. and Subsidiary (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the input method as the measure of progress in determining revenue from contracts with customers; and (3) determination of the actual costs incurred as cost of sales.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

The disclosures related to real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process. For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold.

For the application of the input method, in determining real estate revenue, we obtained an understanding of the Group's processes for cost accumulation and determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed the project engineers' competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the completion of the major activities of project construction.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.



Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the twelve-month period ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

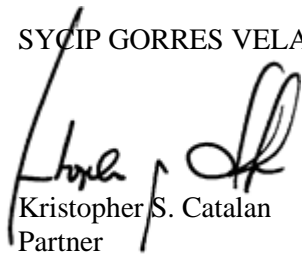
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712

SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021

Tax Identification No. 233-299-245

BIR Accreditation No. 08-001998-109-2018,
February 14, 2018, valid until February 13, 2021

PTR No. 7332534, January 3, 2019, Makati City

June 29, 2020

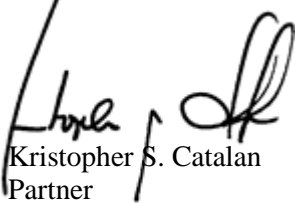


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and the Stockholders
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. and Subsidiary as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated June 29, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of Company's management. The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 7332534, January 3, 2019, Makati City

June 29, 2020

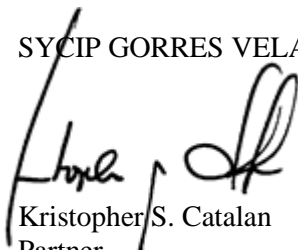


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. and its subsidiary (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 29, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125220, January 7, 2020, Makati City

June 29, 2020



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱557,462,198	₱455,632,239
Receivables (Note 6)	30,728,934	39,388,443
Contract assets (Note 22)	46,931,630	26,744,405
Due from a related party (Note 19)	243,387	230,703
Real estate inventories (Note 7)	1,058,274,302	1,066,908,248
Prepayments and other current assets (Note 8)	60,578,751	72,833,084
Total Current Assets	1,754,219,202	1,661,737,122
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 9)	43,208,458	52,290,036
Contract assets - net of current portion (Note 22)	24,121,710	32,712,621
Property and equipment (Note 11)	37,960,890	35,979,291
Other noncurrent assets (Note 12)	13,160,171	17,946,310
Total Noncurrent Assets	118,451,229	138,928,258
TOTAL ASSETS	₱1,872,670,431	₱1,800,665,380
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 13)	₱60,181,749	₱50,579,955
Contract liabilities (Note 22)	129,096,963	81,787,361
Total Current Liabilities	189,278,712	132,367,316
Noncurrent Liabilities		
Retirement benefit obligation (Note 17)	5,782,334	4,281,472
Deferred income tax liabilities (Note 18)	1,867,067	10,970,026
Contract liabilities - net of current portion (Note 22)	50,384,702	16,055,108
Total Noncurrent Liabilities	58,034,103	31,306,606
Total Liabilities	247,312,815	163,673,922
Equity (Note 20)		
Common stock		
Issued	601,389,569	600,559,569
Subscribed	76,292,500	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings:		
Appropriated	745,000,000	745,000,000
Unappropriated	122,327,823	124,748,464
Other comprehensive income (Notes 9 and 17)	13,037,234	22,872,935
Treasury stock	(4,961,650)	(4,961,650)
Equity	1,625,357,616	1,636,991,458
TOTAL LIABILITIES AND EQUITY	₱1,872,670,431	₱1,800,665,380

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUE FROM REAL ESTATE SALES (Note 22)	₱112,582,130	₱137,575,939	₱64,931,959
OTHER INCOME (CHARGES)			
Interest income (Notes 4, 5 and 6)	23,132,313	17,656,548	12,896,876
Dividend income (Note 9)	386,287	409,612	350,056
Foreign exchange gain (loss) - net	(241,472)	327,811	25,803
Realized gain on sale of debt investments at fair value through profit or loss (FVTPL) [Note 10]	—	91,745	—
Realized gain on redemption of Unit Investment Trust Fund (UITF) (Note 9)	—	—	257,841
Other income - net (Note 16)	731,251	8,336,581	5,388,164
	24,008,379	26,822,297	18,918,740
COSTS AND EXPENSES			
Cost of real estate sales (Note 7)	(67,905,972)	(65,715,940)	(33,411,749)
General and administrative expenses (Note 14)	(58,125,285)	(61,084,028)	(50,802,952)
Sales and marketing expenses (Note 15)	(13,429,475)	(24,511,564)	(22,455,660)
	(139,460,732)	(151,311,532)	(106,670,361)
INCOME (LOSS) BEFORE INCOME TAX	(2,870,223)	13,086,704	(22,819,662)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)			
Current	8,579,821	243,118	1,276,648
Deferred	(9,029,403)	5,007,133	2,168,161
	(449,582)	5,250,251	3,444,809
NET INCOME (LOSS)	(2,420,641)	7,836,453	(26,264,471)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains on AFS financial assets, net of deferred income tax (Note 9)	—	—	736,513
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains (losses) on equity investments at FVTOCI (Note 9)	(9,081,578)	7,299,437	—
Actuarial gains (losses) on defined benefit plan net of deferred income tax (Note 17)	(754,123)	881,200	(35,236)
	(9,835,701)	8,180,637	701,277
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱12,256,342)	₱16,017,090	(₱25,563,194)
Basic/Diluted Earnings (Loss) Per Share (Note 21)	(₱0.0040)	₱0.0130	(₱0.0437)

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Common Stock (Note 20)		Additional Paid-in Capital	Retained Earnings (Note 20)		Other Comprehensive Income (Notes 9 and 17)	Treasury Stock (Note 20)	Total
	Issued	Subscribed		Appropriated	Unappropriated			
BALANCES AT DECEMBER 31, 2016	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P143,071,110	P14,096,393	(P4,961,650)	P1,646,537,562
Net loss	—	—	—	—	(26,264,471)	—	—	(26,264,471)
Other comprehensive income	—	—	—	—	—	701,277	—	701,277
Total comprehensive income (loss)	—	—	—	—	(26,264,471)	701,277	—	(25,563,194)
BALANCES AT DECEMBER 31, 2017	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P116,806,639	P14,797,670	(P4,961,650)	P1,620,974,368
BALANCES AT JANUARY 1, 2018, AS PREVIOUSLY STATED	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P116,806,639	P14,797,670	(P4,961,650)	P1,620,974,368
Effect of adoption PFRS 9, <i>Financial Instruments</i>	—	—	—	—	105,372	(105,372)	—	—
BALANCES AT JANUARY 1, 2018, AS ADJUSTED	600,559,569	76,500,000	72,272,140	745,000,000	116,912,011	14,692,298	(4,961,650)	1,620,974,368
Net income	—	—	—	—	7,836,453	—	—	7,836,453
Other comprehensive income	—	—	—	—	—	8,180,637	—	8,180,637
Total comprehensive income	—	—	—	—	7,836,453	8,180,637	—	16,017,090
BALANCES AT DECEMBER 31, 2018	600,559,569	76,500,000	72,272,140	745,000,000	124,748,464	22,872,935	(4,961,650)	1,636,991,458
Additional issuance	830,000	(207,500)	—	—	—	—	—	622,500
Net loss	—	—	—	—	(2,420,641)	—	—	(2,420,641)
Other comprehensive loss	—	—	—	—	—	(9,835,701)	—	(9,835,701)
Total comprehensive loss	—	—	—	—	(2,420,641)	(9,835,701)	—	(12,256,342)
BALANCES AT DECEMBER 31, 2019	P601,389,569	P76,292,500	P72,272,140	P745,000,000	P122,327,823	P13,037,234	(P4,961,650)	P1,625,357,616

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(P2,870,223)	P13,086,704	(P22,819,662)
Adjustments for:			
Interest income (Notes 4, 5 and 6)	(23,132,313)	(17,656,548)	(12,896,876)
Depreciation and amortization (Note 11)	3,939,323	2,872,208	2,422,066
Gain on repossession (Note 16)	(464,520)	(1,147,589)	(4,170,772)
Retirement benefit cost (Note 17)	673,183	657,461	543,738
Dividend income (Note 9)	(386,287)	(409,612)	(350,056)
Unrealized foreign exchange loss (gains)	241,472	(327,811)	(25,803)
Realized gain on debt investments at FVTPL (Note 10)	—	(91,745)	—
Research and development cost	—	42,750	—
Gain on redemption of UITF (Note 9)	—	—	(257,841)
Operating loss before working capital changes	(21,999,365)	(2,974,182)	(37,555,206)
Decrease (increase) in:			
Receivables	8,719,289	74,688,791	35,263,823
Contract assets	(11,596,314)	(59,457,026)	—
Real estate inventories	9,098,466	27,108,365	(6,576,656)
Due from a related party	(12,684)	(39,084)	(12,583)
Other current assets	13,763,766	1,999,294	13,053,876
Increase (decrease) in:			
Accounts payable and other liabilities	9,601,794	(77,697,827)	14,072,323
Contract liabilities	81,639,196	97,842,469	—
Cash flows generated from operations	89,214,148	61,470,800	18,245,577
Interest received	23,051,543	16,896,131	9,646,610
Income taxes paid, including creditable withholding taxes	(5,211,990)	(885,360)	(5,373,312)
Net cash flows from operating activities	107,053,701	77,481,571	22,518,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 11)	(5,920,922)	(4,027,560)	(2,606,138)
Short-term investments (Note 5)	—	—	(252,573,205)
Available for sale (AFS) financial assets (Note 9)	—	—	(140,000,000)
Dividends received	407,277	399,628	251,168
Decrease (increase) in other noncurrent assets	(91,125)	397,791	—
Proceeds from:			
Sale of short-term investments	—	255,823,471	—
Redemption of UITF (Notes 9 and 10)	—	10,197,117	130,257,841
Net cash flows from (used in) investing activities	(5,604,770)	262,790,447	(264,670,334)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from additional issuance of stock	622,500	—	—
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(241,472)	327,811	25,803
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,829,959	340,599,829	(242,125,656)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	455,632,239	115,032,410	357,158,066
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P557,462,198	P455,632,239	P115,032,410

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations and Approval and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

SOCResources, Inc., (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 25, 1992, primarily to undertake oil and gas exploration, development and production. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

In October 2003, the Philippine SEC approved the amendment of the Parent Company's articles of incorporation, particularly the change in its primary purpose of business. The Parent Company is now registered primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, in particular shares of stocks, voting trust certificates, bonds, debentures, notes, evidences of indebtedness of associations and corporations, domestic or foreign, without being a stockbroker or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes, or other obligations and/or assets of the Parent Company and while the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as "holding companies". The former primary purpose of oil and gas exploration was reclassified as among the secondary purposes of the Parent Company.

On April 25, 2014, the Board of Directors (BOD) approved the amendment in the articles of incorporation to change the name of the Parent Company from South China Resources, Inc. to SOCResources, Inc. The change was approved by the Philippine SEC on September 4, 2014.

SOC Land Development Corporation (SOC Land or the Subsidiary) was incorporated in the Philippines and registered with the Philippine SEC on November 25, 2010.

The registered office address of the Parent Company is 4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200.

Status of Operations

Real Estate Development

In 2011, SOC Land undertook its maiden project called "Anuva Residences" in Barangay Buli, Alabang, Muntinlupa City. The project involves the development of a 2.4 hectare parcel of land that will have four tandem buildings and an estimated investment cost of five billion pesos to generate approximately seven billion pesos in sales over its production cycle. Initially targeted for completion within five years from launch, the production cycle of the project is extended and re-planned for completion by 2025.

On July 12, 2011, the groundbreaking ceremony for the first tower, Anala was held and the structural works was completed in 2014.

On September 2, 2011, SOC Land's Phase 1 project was duly registered with the Board of Investments (BOI) as a New Developer of Low - Cost Mass Housing on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226). With the registration, SOC Land was entitled to an Income Tax Holiday (ITH) for three years from October 2011 or actual start of commercial operations or selling, whichever is earlier, but in no case earlier than the date of registration. Under the



specific terms and conditions of the registration, the SOC Land shall submit proof of compliance that it has developed socialized housing project and accomplished corporate social responsibility activities that were duly identified by BOI in conjunction with the entitlement of ITH.

On December 14, 2011, the Housing and Land Use Regulatory Board released the SOC Land's License to Sell for the Anala Tower with targeted completion date in 2015.

On August 14, 2013, SOC Land opted to surrender the original copy of the Certificate of Registration no. 2011-193 issued to SOC Land as New Developer of Low-Cost Mass Housing Project cancelled the Company's entitlement to an ITH for three years.

In 2014, SOC Land ventured into horizontal housing development through Althea Residences in Binan, Laguna with an initial offering of 214 commercial and residential lots and house and lot packages and covered by HLURB License To Sell No. 029073 released on September 22, 2014. On the same year, the second tower of Anuva Residences, the Azalea Tower with 618 units of combined studio, 1-bedroom and 2-bedroom units was offered for sale and a License To Sell was issued by HLURB on July 31, 2015.

In 2018, a portion of Althea Residences was reconfigured from 17 commercial lots into 32 townhouse and lots units that offered a better return for SOC Land. Althea was also geared for expansion on the adjoining 2.2 hectare property offering an additional 132 residential lots and house and lot packages with the necessary permits and license expected to be completed by mid-2019.

As of the end of 2018, SOC Land is also studying the feasibility of developing in other areas with potential sites in consideration in Baguio, Taft Avenue and Quezon City, among other places.

Approval and Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were approved and authorized for issue by the BOD on June 29, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for debt instruments designated at fair value through profit or loss (FVTPL) and equity investments at fair value through other comprehensive income (FVTOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company and Subsidiary's functional currency. All values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019 as of 2018 for the following implementation issues of PFRS 15 affecting the real estate industry:

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D



- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 201812-H
- d. Adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiary, SOC Land. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the Subsidiary are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Subsidiaries are entities over which the Parent Company has control or generally has an interest of more than one half of the voting rights of the entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity. Control is achieved where the Parent Company has all of the following:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee; and
- c. the ability to use its power over the investee to affect the amount of investor's returns.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognized are eliminated in full.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4. The Group did not apply the



standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC 4.

The adoption of PFRS 16 has no impact to the Group's financial statements because the Group has no long-term lease contract as at January 1, 2019. The Group elected to use the recognition exemption for lease contracts that have a lease term of 12 months or less and do not contain a purchase option.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event



- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

- Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.



- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group has no borrowing costs incurred, these amendments had no impact on the consolidated financial statements of the Group.

Future Changes in Accounting Policy

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply to future business combinations of the Group.



- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council (FRSC) deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2019 consolidated financial statements.



Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Summary of Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on whether it is current and noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities and accrued retirement benefit liability are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As of December 31, 2019 and 2018, the Group has no non-financial asset carried at fair value. In addition, the Group has neither assets nor liabilities with recurring and non-recurring fair value measurements.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of placements and that are subject to an insignificant risk of change in value.

Short-term Investments

Short-term investments includes investments that the Parent Company has made that is expected to be converted into cash within one year.

Financial Instruments

Financial Instruments – initial recognition and subsequent measurement effective January 1, 2018

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVTPL and FVTOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.



In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that SPPI and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables and refundable deposits.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments and golf club shares under this category.



Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as “gain on debt instruments at FVTPL” (positive net changes in fair value) or “loss on debt instruments at FVTPL” (negative net changes in fair value) in profit or loss.

As of December 31, 2018, this category includes the Group’s investment in UITF.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s balance sheet) when:

- the rights to receive cash flows from the asset have expired; or,
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance



is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both life time ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instruments has significantly increased in credit risk and estimate ECLs.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of liabilities at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other current liabilities (excluding government payables).

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.



Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement comprehensive income.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial Instruments – initial recognition and subsequent measurement prior to January 1, 2018

Date of Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial assets are recognized on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at fair value through profit or loss (FVTPL), the initial measurement of financial assets includes transaction costs.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss unless it qualifies for the recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of “Day 1” difference.

Classification of Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets are further classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities.



The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

The Group has no financial assets or liabilities at FVTPL and HTM as of December 31, 2017.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the effective interest and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Group's loans and receivables consist of cash and cash equivalents, receivables (excluding advances to suppliers and contractors), due from a related party and refundable deposits.

AFS Financial Assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at FVTPL. Debt securities under this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in "Unrealized valuation gains (losses) on AFS financial assets" until the investment is derecognized, at which time the cumulative gain or loss is transferred to other income (expenses), or determined to be impaired, at which time the cumulative loss is recognized in profit or loss as other expenses. Interest earned while holding AFS financial assets is reported as interest income using the effective interest method.

The Group evaluates its AFS financial assets whether the ability and intention to sell them in the near term is appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intent to hold the financial asset accordingly until maturity.

For a financial asset reclassified out of the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in other comprehensive income is amortized to profit or loss over the remaining life of the investment using effective interest method. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

The Group's AFS financial assets consist of equity shares and golf club shares.

Other Financial Liabilities

Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial



asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

This category includes loans and borrowings which are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Group's other financial liabilities consist of accounts payable and other liabilities, excluding taxes payable to government agencies.

Impairment of Financial Assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the contracted parties or a group of contracted parties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or



loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets Carried at Fair Value

In the case of equity investments, evidence of impairment would include a significant or prolonged decline in fair value of investments below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at fair value. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.



Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Real Estate Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Cost of land
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The amount of any write-down of inventories to NRV and all losses of inventories are recognized in profit or loss in the year the write-down or loss occurs.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Repossessed Inventories

Repossessed inventories represent the acquisition costs of properties sold but subsequently reacquired by the Group due to buyer's default on payment of monthly amortization. These are measured at fair value, which is considered as the properties' deemed cost as at reacquisition date. Any resulting gain or loss is credited or charged to "Other income" in profit or loss.

Prepayments

Prepayments are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months.

Advances to Suppliers and Contractors

Advances to suppliers and contractors represent advance payments on services to be incurred in connection with the Group's operations. Advances to suppliers and contractors are recognized under "Prepayments and other current assets" account in the consolidated statement of financial position. These are charged to expense in profit or loss, or capitalized to real estate inventories in the consolidated statement of financial position, as appropriate, when the services are rendered, which is normally within 12 months.

Creditable Withholding Taxes (CWT)

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets.



Otherwise, these are classified as other noncurrent asset. CWTs are classified in the “Prepayments and other current assets” account in the consolidated statement of financial position.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The input VAT recoverable from the taxation authority is included as part of “Prepayments and other current assets” or “Other noncurrent asset”, while output VAT payable to the taxation authority is included as part of “Accounts payable and other liabilities” accounts in the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment losses.

The initial cost of property and equipment comprises its purchase price including, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such equipment when the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences when an asset is in the location and condition capable of being operated in the manner intended by management. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, except for leasehold improvements which are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements, whichever is shorter, as follows:

<u>Asset Type</u>	<u>Number of years</u>
Building	20
Office furniture and equipment	1-3
Transportation equipment	5

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements except for, whichever is shorter.

Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date that the asset is derecognized.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.



An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized. Fully depreciated items are retained as property and equipment until these are no longer in use.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Common Stock

The Group has issued common stocks that are classified as equity. Common stock is measured at par value for all shares issued.

When the shares are sold at premium, the excess of the proceeds over the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscription receivable pertains to the uncollected portion of the subscribed shares. Subscription receivable is presented as deduction from equity if the subscription receivable is not expected to be collected within 12 months after reporting period. Otherwise, the subscription receivable is presented as current asset.

Retained Earnings

The amount included in retained earnings includes profit (loss) attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the Group's stockholders. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.



Appropriated retained earnings represent the portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent accumulated earnings which can be declared as dividends to stockholders.

Other Comprehensive Income (OCI)

OCI comprises items of income and expenses, including reclassification adjustments, which are not recognized in profit or loss as required or permitted by other standards.

Treasury Stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference in the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury stock are nullified for the Group and no dividends are allocated to them respectively. When the stocks are retired, the common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition

Revenue Recognition effective January 1, 2018

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot, condominium units and parking lot. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs from project engineers. In determining that actual costs incurred, the Group estimates cost incurred on materials, labor and overhead which have not yet been billed by the contractor. Input method excludes



the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost recognition

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to marketing agents on the



sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “Selling and marketing expense” account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group’s contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.



Revenue Recognition prior to January 1, 2018

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria should also be met before revenue is recognized.

Real Estate Sales

The Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

The percentage-of-completion (POC) method is used to recognize revenue from sale of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. The Group start recognizing income under POC when the equitable interest has been transferred to the buyer, construction is beyond the preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliable. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of actual costs incurred to date over the estimated total costs to complete the project.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized and the receivable from the buyer is not recorded. The real estate inventory continues to be reported in the Group's consolidated statement of financial position as part of real estate inventories and the deposit as part of as "Customers' deposits" included under the "Accounts payable and other liabilities" account in the consolidated statement of financial position.

Other Income

Other income includes gain arising from forfeiture or cancellation of prior years' real estate sales.

Cost and Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of real estate sales recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

Any changes in estimated development costs used in the determination of the amount of revenue and cost are recognized in profit or loss in the period in which the change is made.



General and Administrative Expenses

Expenses incurred in the general administration of day-to-day operation of the Group are generally recognized when the service is used or the expense arises.

Sales and Marketing Expenses

Expenses incurred in the direct selling and marketing activities are generally recognized when the service is incurred or the expense arises.

Retirement Benefits Cost

The Group recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is determined using the projected unit credit method.

Retirement benefits cost comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as an expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the consolidated statement in comprehensive loss in subsequent periods.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Parent Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development



Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recoverable from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" account in the consolidated statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of "Prepayments and other current assets" account in the consolidated statement of financial position.

Deferred Income Tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized before their expiration.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.



Diluted earnings (loss) per share is computed in the same manner, with the net income (loss) for the year attributable to equity holders of the Group and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the reporting date. Foreign currency gains or losses are recognized in profit or loss.

Leases (Effective January 1, 2019)

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group's lease contracts qualify as a short-term leases.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Leases (Effective prior to January 1, 2019)

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the Company's profit or loss on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the



provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have a significant effect on the amounts recognized in the consolidated financial statements:

Existence of a contract (PFRS 15)

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other relevant documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Determination of transaction price (PFRS 15)

The Group considered the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

Revenue recognition method and measure of progress (PFRS 15)

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use; and (b) the Group has an



enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Identifying performance obligation (PFRS 15)

The Group has various contracts to sell covering (a) serviced lot, (b) serviced lot and house, (c) condominium unit and (d) parking lot. The Group concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering service lot and house and condominium unit, the developer has the obligation to deliver the house or condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

Revenue Recognition (PAS 18)

Selecting the appropriate revenue recognition method for particular real estate transaction requires certain judgments based on the following, among others:

- *Buyer's continuing commitment to the sales agreement*
Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property.

For sale of real estate properties, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

- *Stage of completion of the project*
The Group commences the recognition of revenue from sale of uncompleted projects where the POC method is used when the POC, as determined by project engineers employed by the Group, is already beyond the preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the house unit foundation are finished).

Assessment of Impairment of Nonfinancial Assets

The Group assesses impairment on other current assets and property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;



- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The estimated recoverable amount is computed using the asset's fair value less costs to sell or value-in-use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value-in-use is the present value of estimated future net cash inflows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

As of December 31, 2019 and 2018, there were no impairment indicators that would lead to impairment analysis.

Operating Leases - The Group as Lessee - effective prior to January 1, 2019

The Group has entered into a lease for its administrative office location. The Group has determined that all the significant risks and benefits of ownership of these properties remain with the lessors. Accordingly, these leases are accounted for as operating leases.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and Cost Recognition

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate sales recognized based on the percentage of completion is determined based on actual costs incurred to date over the estimated total costs to complete the project reconciled with the engineer's judgment and estimates on the physical portion of contract work done if the development is beyond the preliminary stage.

The Group estimates the POC of ongoing projects using input method for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the Group's project engineer as well as management's monitoring of the costs, progress and improvements of the projects.

Real estate sales and cost of real estate sales amounted to ₱112.58 million and ₱67.91 million in 2019, ₱137.58 million and ₱65.72 million in 2018 and ₱64.93 million and ₱33.41 million in 2017, respectively (see Notes 7 and 22).

Provision for ECL (PFRS 9)

The Group uses a vintage analysis to calculate ECLs for trade receivables and contract assets. The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR pool.



The vintage analysis is initially based on the Group's historical observed default rates. The Group calibrates the vintage to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, bank lending rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 6.

No allowance for ECL was recognized in 2019 and 2018. The carrying values of receivables as of December 31, 2019 and 2018 amounted to ₱30.73 million and ₱39.39 million, respectively (see Note 6).

Estimation of retirement benefits liability and expense

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect retirement benefits expense and liability. Retirement benefits costs charged to operations for the years ended December 31, 2019, 2018 and 2017 amounted to ₱0.7 million, ₱0.7 million and ₱0.5 million, respectively. Retirement benefits liability amounted to ₱5.8 million and ₱4.3 million as of December 31, 2019 and 2018, respectively (see Note 17).

Measurement of Net Realizable Value of Real Estate Inventories

The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories at cost amounted to ₱1,058.27 million and ₱1,066.91 million as of December 31, 2019 and 2018, respectively. In 2019 and 2018, the Group assessed that the NRV of real estate inventories is higher than cost, hence the Group did not recognize any losses on write down of real estate inventories (see Note 7).

Recognition of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at each financial reporting date and reduces the amounts to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group recognized deferred income tax asset amounting to ₱7.91 million and ₱0.69 million as of December 31, 2019 and 2018, respectively (see Note 18).



4. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	₱51,341,003	₱39,035,047
Cash equivalents	506,121,195	416,597,192
	₱557,462,198	₱455,632,239

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱18.8 million, ₱8.4 million and ₱1.7 million in 2019, 2018 and 2017, respectively.

5. Short-Term Investments

In 2017, the Parent Company acquired investments in government securities bearing interest ranging from 2.85% to 3.00%. Upon maturity in 2018, the Parent Company sold the short-term investments. Interest earned amounted to nil, ₱2.8 million and ₱3.3 million in 2019, 2018 and 2017, respectively.

6. Receivables

	2019	2018
Installment contract receivables	₱3,615,169	₱3,631,778
Advances to:		
Officers and employees	19,241,592	19,181,478
Agents	1,562,928	2,047,642
Other receivables	6,309,245	14,527,545
	₱30,728,934	₱39,388,443

- a. Installment contract receivables arises from sale of real estate and is collectible in monthly installments over a period ranging from one to 10 years which bears monthly interest rates of 14.0% to 16.0% in 2019 and 2018 computed on the diminishing balance.

Interest income earned amounted to ₱4.3 million, ₱6.5 million and ₱7.9 million in 2019, 2018 and 2017, respectively.

- b. Advances to officers and employees are noninterest-bearing and will generally be settled through liquidation and salary deduction, respectively. These receivables will be settled within the next financial year.
- c. Other receivables consist mostly of receivables from unit owners and Condominium Corporation.



7. Real Estate Inventories

	2019	2018
Condominium and residential units	P567,505,399	P588,109,747
Subdivision projects for development	359,423,245	341,723,243
Lot inventory	131,345,658	137,075,258
	P1,058,274,302	P1,066,908,248

A summary of the movement in real estate inventories is set out below:

	2019	2018
Balances at beginning of year	P1,066,908,248	P1,092,869,024
Development costs incurred	41,822,538	24,513,196
Repossessed inventories	17,449,488	15,241,968
Disposals recognized as cost of real estate sales	(67,905,972)	(65,715,940)
	P1,058,274,302	P1,066,908,248

8. Prepayments and Other Current Assets

	2019	2018
Input VAT - net of noncurrent portion (Note 12)	P32,872,114	P35,996,245
Prepaid taxes	24,038,480	27,483,604
Refundable deposits (Note 26)	3,237,784	3,195,444
Advances to suppliers and contractors	339,795	6,012,926
Others	90,578	144,865
	P60,578,751	P72,833,084

Advances to suppliers and contractors are payments made to suppliers as contracts with them generally require advance payment. The amount will be applied as part of the full payment of the contracted price.

Refundable deposits are composed of security deposits related to the Group's lease agreement and utility deposits to Manila Electric Corporation.

9. Equity Investments at FVTOCI

	2019	2018
Golf club shares	P35,250,000	P35,250,000
Listed equity investments	7,958,458	17,040,036
	P43,208,458	P52,290,036

As of December 31, 2019 and 2018, the Group's equity investments at FVTOCI pertain to investments in golf club shares and shares of stock of various publicly-listed companies.

The fair values of the shares of stock are based on the quoted market price that is readily and regularly available in the Philippine Stock Exchange.

The fair value of quoted club share is determined by reference to published price quotation.



Dividend income earned from equity investments amounted to P0.39 million, P0.41 million and P0.35 million in 2019, 2018 and 2017, respectively.

Realized gain on redemption of UITF amounted to P0.26 million in 2017.

The rollforward of net changes in fair value of equity investments at FVTOCI are as follows:

	2019	2018
Balance at beginning of year	P21,643,114	P14,343,677
Fair value adjustments	(9,081,578)	7,299,437
Balances at end of year	P12,561,536	P21,643,114

10. Debt Investments at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), previously classified as available-for sale (AFS) financial assets, which was reclassified and measured as debt instruments classified at FVTPL beginning January 1, 2018. The reconciliation of the carrying amounts of debt investments at FVTPL as of December 31, 2018 follows:

Balance at beginning of year, as previously reported	P–
Adoption of PFRS 9	10,105,372
Balance at beginning of year, as adjusted	10,105,372
Fair value adjustments	91,745
Disposal during the year	(10,197,117)
Balances at end of year	P–

11. Property and Equipment

December 31, 2019

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	P16,336,217	P20,053,280	P12,040,825	P16,211,126	P5,499,981	P70,141,429
Additions	–	324,138	5,337,849	40,714	218,221	5,920,922
Retirements	–	–	(55,000)	–	–	(55,000)
Balances at end of year	16,336,217	20,377,418	17,323,674	16,251,840	5,718,202	76,007,351
Accumulated depreciation and amortization						
Balances at beginning of year	–	6,344,434	9,831,428	14,168,792	3,817,484	34,162,138
Depreciation and amortization (Notes 14 and 15)	–	936,819	787,845	504,679	1,709,980	3,939,323
Retirements	–	–	(55,000)	–	–	(55,000)
Balances at end of year	–	7,281,253	10,564,273	14,673,471	5,527,464	38,046,461
Net book values	P16,336,217	P13,096,165	P6,759,401	P1,578,369	P190,738	P37,960,890



December 31, 2018

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱18,734,059	₱10,568,419	₱15,037,828	₱5,499,981	₱66,176,504
Additions	—	1,319,221	1,535,041	1,173,298	—	4,027,560
Disposals	—	—	(62,635)	—	—	(62,635)
Balances at end of year	16,336,217	20,053,280	12,040,825	16,211,126	5,499,981	70,141,429
Accumulated depreciation and amortization						
Balances at beginning of year	—	5,407,847	9,214,559	13,825,825	2,861,584	31,309,815
Depreciation and amortization (Notes 14 and 15)	—	936,587	636,754	342,967	955,900	2,872,208
Disposals	—	—	(19,885)	—	—	(19,885)
Balances at end of year	—	6,344,434	9,831,428	14,168,792	3,817,484	34,162,138
Net book values	₱16,336,217	₱13,708,846	₱2,209,397	₱2,042,334	₱1,682,497	₱35,979,291

As of December 31, 2019 and 2018, the cost of fully depreciated property and equipment amounted to ₱22.9 million and ₱19.0 million, respectively. These are retained in the records and still used by the Group until these are disposed or the Group vacates the leased premises.

12. Other Noncurrent Asset

Other noncurrent asset consists of input VAT that is expected to be offset against output VAT in more than one year. As of December 31, 2019 and 2018, deferred input VAT amounted to ₱13.2 million and ₱17.9 million, respectively.

13. Accounts Payable and Other Liabilities

	2019	2018
Accrued contractors' payables	₱37,009,336	₱38,012,562
Accounts payable - trade	18,615,203	10,415,146
Accrued expenses	1,944,141	797,711
Government payables	1,351,991	492,906
Retention payables (Note 26)	1,261,078	861,630
	₱60,181,749	₱50,579,955

- Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea Project. These accruals are reclassified to accounts payable once billings are actually received.
- Accounts payable includes billings of various suppliers and contractors for liabilities incurred in relation to the project and office administrative functions. Accounts payable are noninterest-bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.
- Government payables consist of mandatory contributions and payments to the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund, withholding tax payables and are remitted the month following the month of withholding.
- Retention payables represent the amount retained by the Group as security for any defects and damages on the construction of Anala arising from or due to faulty workmanship and/or defective contractor-supplied materials before the final acceptance of the Anala and the payment of the last billing. Retention payable is expected to be settled within the next financial year.



14. General and Administrative Expenses

	2019	2018	2017
Personnel costs	₱21,285,540	₱17,155,866	₱14,332,014
Travel and transportation	6,932,529	4,108,080	6,162,977
Depreciation and amortization (Note 11)	3,767,906	2,815,068	2,417,031
Property management expense	3,468,033	15,056,283	—
Professional fees	3,457,550	4,841,573	4,539,331
Taxes and licenses	3,436,845	2,377,972	4,800,610
Research and development expenses	3,435,115	4,472,601	3,237,382
Short-term lease (Note 26)	2,343,169	—	—
Outside services	2,129,431	1,558,801	2,049,722
Exploration cost	1,127,290	356,745	—
Telecommunications and postage	1,125,538	1,328,307	1,085,619
Dues and subscription	938,764	788,870	790,151
Repairs and maintenance	933,091	635,758	613,383
Supplies	699,083	618,274	792,439
Utilities	530,623	570,381	451,135
Entertainment and representation	195,002	221,139	186,617
Trainings and seminars	188,343	206,350	219,595
Insurance	56,061	60,437	53,957
Rent (Note 26)	—	2,274,246	2,221,036
Interest, penalties and charges	—	—	5,100,832
Others	2,075,372	1,637,277	1,749,121
	₱58,125,285	₱61,084,028	₱50,802,952

Others include bank charges and other miscellaneous costs.

Personnel costs consist of:

	2019	2018	2017
Salaries and wages	₱18,541,831	₱14,683,750	₱12,355,838
Short term employee benefits	2,070,526	1,814,655	1,432,438
Retirement benefits cost (Note 17)	673,183	657,461	543,738
	₱21,285,540	₱17,155,866	₱14,332,014

15. Sales and Marketing Expenses

	2019	2018	2017
Commissions and incentives	₱6,158,776	₱10,927,096	₱8,365,312
Product presentation	2,802,579	2,347,192	4,485,533
Consultancy fees	2,475,152	8,141,387	7,268,606
Advertising	978,721	1,868,652	805,368
Utilities	579,224	656,716	793,392
Depreciation and amortization (Note 11)	171,417	57,140	5,035
Travel and transportation	148,598	218,322	237,899
Telecommunications and postage	7,674	67,206	334,330
Rent (Note 26)	—	49,424	121,251
Others	107,334	178,429	38,934
	₱13,429,475	₱24,511,564	₱22,455,660



Others include expenses from meetings, janitorial fees and other expenses directly attributable to sales and marketing.

16. Other Income - Net

	2019	2018	2017
Forfeited buyer deposits	P7,811,274	P3,708,245	P7,312,900
Penalty income and late payment charges	613,748	1,028,533	477,394
Gain on repossession	464,520	1,147,589	4,170,772
Write-off of other assets	—	(3,150,911)	(7,473,163)
Others - net	(8,158,291)	5,603,125	900,261
	P731,251	P8,336,581	P5,388,164

- Forfeited buyer deposits are recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. These pertain to deposits that did not reach the collection threshold.
- Penalties are additional fees imposed on customers due to their failure to make payments on time.
- Gain on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR and any amount refundable to the buyer at the date of repossession.
- Others pertain to the reversal of long outstanding payables in 2018 and 2017 as the Group assessed that these will no longer be collected by the suppliers and settlement of prior year VAT assessment in 2019, among others.

17. Retirement Benefit Obligation

The Group has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. RA No. 7641 (“Retirement Pay Law”), an act amending article 287 of Presidential Decree No. 442 (“Labor Code of the Philippines”), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2019.

Retirement benefits cost recognized in the consolidated statements of comprehensive income are as follows:

	2019	2018	2017
Current service cost	P344,914	P435,961	P380,962
Interest cost	328,269	221,500	162,776
	P673,183	P657,461	P543,738

Amounts recognized in other comprehensive income pertaining to remeasurement gains (losses) amounted to (P827,679), P1,171,399 and (P29,453), in 2019, 2018 and 2017, respectively.



Movement in the actuarial gains on defined benefit plan is as follows:

	2019	2018	2017
Balances at beginning of year	₱1,229,821	₱348,621	₱383,857
Actuarial gains (losses) during the year	(754,123)	881,200	(35,236)
Balances at end of year	₱475,698	₱1,229,821	₱348,621

Changes in the present value of the retirement benefit obligation are as follows:

	2019	2018
Beginning	₱4,281,472	₱4,795,410
Current service cost	344,914	435,961
Interest cost	328,269	221,500
Actuarial loss (gain) due to:		
Experience adjustments	316,173	(479,471)
Change in demographic assumptions	—	195,069
Change in assumptions	511,506	(886,997)
Ending	₱5,782,334	₱4,281,472

The principal assumptions as of used to determine retirement benefit obligations for the plan are shown below:

	2019	2018
Discount rate	4.50%-4.84%	7.00%-7.31%
Future salary increase	3.00%-5.00%	3.00%-5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, assuming all other assumptions were held constant:

December 31, 2019:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(₱801,789)
	(100 bps)	1,043,532
Future salary increase rate	100 bps	1,046,826
	(100 bps)	(800,242)

December 31, 2018:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(₱111,985)
	(100 bps)	128,027
Future salary increase rate	100 bps	133,309
	(100 bps)	(118,122)

The estimated weighted average duration of benefit payment is 17 years and 18 years as of December 31, 2019 and 2018, respectively.



Shown below is the maturity profile of the undiscounted benefit payments:

	2019	2018
Less than one year	P5,095,201	P3,615,068
More than one year to 10 years	1,521,946	719,370
More than 10 years to 30 years	11,044,292	11,560,798

18. Income Taxes

- a. The Parent Company has no provision for current income tax in 2019, 2018 and 2017. The Subsidiary's current provision for income tax represents RCIT in 2019 and MCIT in 2018 and 2017.
- b. Major components of income tax expense for the respective years are:

	2019	2018	2017
Profit for the financial year:			
Current income tax	P8,351,465	P243,118	P1,276,648
Deferred income tax	(9,029,403)	5,007,133	2,168,161
	(221,226)	5,250,251	3,444,809
Under provision in prior years			
Current income tax	228,356	—	—
Provision for income tax	(P449,582)	P5,250,251	P3,444,809

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for (benefit from) income tax shown in the consolidated statements of comprehensive income follows:

	2019	2018	2017
Provision for (benefit from) income tax computed at statutory tax rate	(P861,066)	P3,926,011	(P6,845,899)
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(5,655,910)	(3,357,676)	(1,502,417)
Movements in deductible temporary differences, NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized	4,118,162	3,854,257	6,496,413
Nondeductible expenses	1,836,762	978,066	5,479,081
Nontaxable income	(115,886)	(150,407)	(182,369)
Current tax of prior periods	228,356	—	—
Provision for (benefit from) income tax	(P449,582)	P5,250,251	P3,444,809



The components of the Group net deferred income tax assets (liabilities) are as follows:

	2019	2018
Deferred income taxes recognized in profit or loss		
Deferred income tax assets:		
Difference between tax and book basis of accounting for real estate transactions	P7,744,910	P-
Retirement benefit obligation	167,531	404,059
NOLCO	-	289,775
	7,912,441	693,834
Deferred income tax liabilities:		
Gain on repossession	(6,354,314)	(6,214,958)
Difference between tax and book basis of accounting for real estate transactions	-	(1,364,395)
Unrealized foreign exchange gain	-	(289,775)
	(6,354,314)	(7,869,128)
	1,558,127	(7,175,294)
Deferred income tax liabilities recognized in other comprehensive income:		
Fair value changes of equity investments at FVTOCI	(3,498,750)	(3,498,750)
Actuarial gains on defined benefit plan	73,556	(295,982)
	(3,425,194)	(3,794,732)
	(P1,867,067)	(P10,970,026)

- c. The Group's deductible temporary differences, carryforward benefits of NOLCO for which no deferred income tax assets were recognized consists of the following:

	2019		2018	
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
NOLCO	P36,838,931	P11,051,679	P33,611,173	P10,083,352
Pension liability	4,978,711	1,493,613	3,921,215	1,176,365
Unrealized foreign exchange loss	241,472	72,442	-	-
Allowance for impairment losses on financial assets at FVTOCI	-	-	7,263	2,179
	P42,059,114	P12,617,734	P37,539,651	P11,261,896

- d. Unused NOLCO that can be claimed as deduction against future taxable income and RCIT due, respectively, follows:

NOLCO

Year Incurred	Balance as of December 31, 2018	Addition	Expiration/Utilization	Balance as of December 31, 2019	Tax effect	Available Until
2016	P10,748,890	P-	P10,748,890	P-	P-	2019
2017	10,989,125	-	-	10,989,125	3,296,738	2020
2018	12,839,075	-	-	12,839,075	3,851,722	2021
2019	-	13,010,731	-	13,010,731	3,903,219	2022
	P34,577,090	P13,010,731	P10,748,890	P36,838,931	P11,051,679	



19. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, the Group has significant related party transactions as follows:

	Amount/volume		Outstanding balance		Terms	Conditions
	2019	2018	2019	2018		
<i>Affiliate</i>						
South China Petroleum International (SCPI)						
Due from a related party	P12,684	P39,084	P243,387	P230,703	Due and demandable	Unsecured; No impairment

SCPI is a corporation established to prospect for, explore, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rocks or carbon oils, natural gas and other volatile materials, chemical substance and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein, and to manufacture, refine, prepare for market, buy, sell, import, export and transport and otherwise deal in petroleum and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds and derivatives and other mineral and chemical substances in crude or refined condition, and to generally engage, as may be permitted by law, in the business of, and/or investing in mining, manufacturing, contracting and servicing, in addition to oil exploration. Receivable from SCPI pertains to the amount paid for SCPI's business permit and registration.

Compensation of key management personnel is as follows:

	2019	2018	2017
Salaries and short-term benefits	P10,413,222	P8,211,912	P6,042,105
Retirement benefits	155,212	264,544	203,630
	P10,568,434	P8,476,456	P6,245,735



20. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of December 31, 2019 and 2018 are as follows:

	2019		2018	
	No. of Shares	Amount	No. of Shares	Amount
<i>Authorized - P1 par value</i>	1,000,000,000	P1,000,000,000	1,000,000,000	P1,000,000,000
<i>Issued</i>				
Beginning of year	600,559,569	P600,559,569	600,559,569	P600,559,569
Issuance	830,000	830,000	—	—
End of year	601,389,569	P601,389,569	600,559,569	P600,559,569
<i>Subscribed</i>				
Beginning of year	306,000,000	P306,000,000	306,000,000	P306,000,000
Issuance	(830,000)	(830,000)	—	—
Subscription receivable	(228,877,500)	(228,877,500)	(229,500,000)	(229,500,000)
End of year	76,292,500	P76,292,500	76,500,000	P76,500,000
Treasury - at cost	(4,639,000)	(P4,961,650)	(4,639,000)	(P4,961,650)

The Parent Company was registered on September 25, 1992 with authorized capital stock amounting to P1.0 billion composed of one billion shares with par value P1.0 per share.

The Parent company has 359 and 361 shareholders as at December 31, 2019 and 2018, respectively.

b. Retained Earnings

On December 8, 2016, the BOD approved a resolution earmarking P600.0 million and P145.0 million of the Parent Company's retained earnings for purposes of funding its investments related to SOC Land's Althea and Azalea projects with a target completion in 2021 and the Parent Company's agricultural projects from 2020 to 2025, respectively.

Retained earnings that are not available for dividend declaration are as follows:

	2019	2018	2017
Restricted for treasury shares	P4,961,650	P4,961,650	P4,961,650
Recognized deferred income tax assets	—	289,775	191,432
	P4,961,650	P5,251,425	P5,153,082

21. Basic/Diluted Earnings (Loss) Per Share

	2019	2018	2017
Net income (loss)	(P2,420,641)	P7,836,453	(P26,264,471)
Weighted average number of shares	601,182,069	600,559,569	600,559,569
Basic/Diluted Earnings (Loss) per Share	(P0.0040)	P0.0130	(P0.0437)

There are no dilutive potential common shares outstanding as of December 31, 2019, 2018 and 2017.



22. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Group derives its real estate revenue from sale of lots, house and lot, condominiums and parking space.

The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

For the year ended December 31, 2019				
Segments	Lot/House and Lot	Condominium	Parking Lot	Total
Type of goods				
Sale of lot and house and lot	P73,665,505	P-	P-	P73,665,505
Sale of condominium unit	-	33,341,625	-	33,341,625
Sale of parking lot	-	-	5,575,000	5,575,000
Total	P73,665,505	P33,341,625	P5,575,000	P112,582,130
Timing of revenue recognition				
Goods transferred over time	P73,665,505	P33,341,625	P5,575,000	P112,582,130

For the year ended December 31, 2018				
Segments	Lot/House and Lot	Condominium	Parking Lot	Total
Type of goods				
Sale of lot and house and lot	P111,859,740	P-	P-	P111,859,740
Sale of condominium unit	-	23,909,029	-	23,909,029
Sale of parking lot	-	-	1,807,170	1,807,170
Total	P111,859,740	P23,909,029	P1,807,170	P137,575,939
Timing of revenue recognition				
Goods transferred over time	P111,859,740	P23,909,029	P1,807,170	P137,575,939

b. Contract balances

The Group's contract balances as at December 31, 2019 and 2018 are as follows:

	2019	2018
Contract assets	P71,053,340	P59,457,026
Contract liabilities	179,481,665	97,842,469

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account as of December 31, 2019 and 2018 are as follows:

	2019	2018
Contract assets - current	P46,931,630	P26,744,405
Contract assets - noncurrent	24,121,710	32,712,621
	P71,053,340	P59,457,026



Contract liabilities

	2019	2018
Contract liabilities - current	₱129,096,963	₱81,787,361
Contract liabilities - noncurrent	50,384,702	16,055,108
	₱179,481,665	₱97,842,469

As at December 31, 2019, contract liabilities amounting to ₱129.10 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2018 amounting to ₱81.79 million were recognized as revenue in 2019.

c. Performance obligations (PO)

The following are the PO of the Group:

(a) *House and lot*

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(b) *Lot*

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

23. Financial Instruments

Financial Risk Management Objectives and Policies

The Group has various financial assets and liabilities such as cash and cash equivalents, receivables, due from related parties, refundable deposits, AFS financial assets/equity investments at FVTOCI. The main purpose of the Group's financial instruments is to finance its operations. The Group has other financial instruments such as accounts payable and other liabilities which arise directly from its operations.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.



The Group has exposure to credit risk, liquidity risk, equity price risk and foreign exchange risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Group to incur a financial loss.

The Group trades only with recognized, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. In the real estate industry, title to the property is transferred only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of installments/deposits made by the customer in favor of the Group. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

The maximum exposure to credit risk for financial assets, which is composed of cash and cash equivalents, receivables (reduced by the expected fair value of the repossessed collaterals), and refundable deposits, is equivalent to the carrying amount of these financial assets in the consolidated statement of financial position. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from financial assets, the Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure as of December 31, 2019 and 2018 equal to the carrying value of the instruments reduced by the expected fair value of the repossessed collaterals upon default. Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since the title to the real estate properties are not transferred to the buyers until full payment is made. Consequently, an impairment analysis is performed at each reporting date using a vintage analysis to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

- a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
- b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
- c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instruments has significantly increased in credit risk and estimate ECLs.

For receivables and contract assets, an impairment analysis is performed at each reporting date using vintage analysis to measure ECLs. The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR pool. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.



In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross domestic income
- Bank lending rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

The Group evaluated the credit quality of the ICR pool through a ratio of default occurrences of each month for the past 5 years to the number of receivable issuances during each year. The analysis resulted to low PD rates as the Group experienced minimal default occurrences in the past. In addition, the Group expects to recover the defaulted accounts through subsequent disposal of repossessed inventories at an amount higher than the contractual cash flows due and defaulted.

The application of the ECL model does not have significant impact on the Group's allowance for credit losses as of December 31, 2019. No provision for credit losses in 2019 using the ECL model has been recorded.

The aging per class of financial assets and the expected credit loss are as follows:

December 31, 2019

	Financial Assets				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Simplified Approach	
Amortized Cost					
Cash in banks and cash equivalents*	P557,414,295	P—	P—	P—	P557,414,295
Receivables	—	—	—	30,728,934	30,728,934
Contract assets	—	—	—	71,053,340	71,053,340
Due from a related party	243,387	—	—	—	243,387
Refundable deposits	3,237,784	—	—	—	3,237,784
	P560,895,466	P—	P—	P101,782,274	P662,677,740

*Excludes cash on hand.

December 31, 2018

	Financial Assets				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Simplified Approach	
Amortized Cost					
Cash in banks and cash equivalents*	P455,470,476	P—	P—	P—	P455,470,476
Receivables	—	—	—	39,388,443	39,388,443
Contract assets	—	—	—	59,457,026	59,457,026
Due from a related party	230,703	—	—	—	230,703
Refundable deposits	3,195,444	—	—	—	3,195,444
	P458,896,623	P—	P—	P98,845,469	P557,742,092

*Excludes cash on hand.



Set out below is the information about credit risk exposure on the Group's financial assets using a vintage analysis:

December 31, 2019

	Current	Days Past Due				Total Receivables and Contract Assets and ECL
		0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	P94,089,519	P-	P-	P-	P7,692,755	P101,782,274
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	P-	P-	P-	P-	P-	P-

December 31, 2018

	Current	Days Past Due				Total Receivables and Contract Assets and ECL
		0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	P75,570,048	P6,192,916	P492,060	P274,608	P16,315,837	P98,845,469
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	P-	P-	P-	P-	P-	P-

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The following tables summarize the maturity profile of the Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and the Group's financial liabilities based on contractual undiscounted payments.

December 31, 2019

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	P51,341,003	P506,121,195	P-	P-	P557,462,198
Receivables*	7,692,755	3,958,593	19,077,586	-	30,728,934
Contract assets	22,319,162	6,153,117	18,459,351	24,121,710	71,053,340
Due from a related party	243,387	-	-	-	243,387
Refundable deposits	3,237,784	-	-	-	3,237,784
Equity instruments at FVTOCI:					
Golf club shares	-	-	-	35,250,000	35,250,000
Shares of stock	-	-	-	7,958,458	7,958,458
	84,834,091	516,232,905	37,536,937	67,330,168	705,934,101

(Forward)



	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	₱19,663,371	₱37,905,309	₱1,261,078	₱-	₱58,829,758
Liquidity position (gap)	₱65,170,720	₱478,327,596	₱36,275,859	₱67,330,168	₱647,104,343

*Excluding advances to suppliers and contractors

**Excluding government payables and customers' deposits and unearned income

December 31, 2018

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	₱39,035,047	₱416,597,192	₱-	₱-	₱455,632,239
Receivables*	13,345,453	6,934,118	19,108,872	-	39,388,443
Contract assets	-	6,686,101	20,058,304	32,712,621	59,457,026
Due from a related party	230,703	-	-	-	230,703
Refundable deposits	3,195,444	-	-	-	3,195,444
Equity instruments at FVTOCI:					
Golf club shares	-	-	-	35,250,000	35,250,000
Shares of stock	-	-	-	17,040,036	17,040,036
	55,806,647	430,217,411	39,167,176	85,002,657	610,193,891
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	861,630	49,225,419	-	-	50,087,049
Liquidity position	₱54,945,017	₱380,991,992	₱39,167,176	₱85,002,657	₱560,106,842

*Excluding advances to suppliers and contractors

**Excluding government payables and customers' deposits and unearned income

Equity Price Risk

Equity price risk is the likelihood that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's equity investments at FVTOCI. The Group measures the sensitivity of its domestic AFS financial assets by using stock market index fluctuations and its effect to respective share prices.

The Group measures the sensitivity of its domestic equity investments at FVTOCI by using stock market index fluctuations and its effect to respective share prices.

In 2019 and 2018, changes in fair value of equity instruments held as equity investments at FVTOCI due to a reasonably possible change in equity interest, with all other variables held constant, will increase other comprehensive income by ₱4.3 million and ₱5.2 million, respectively, if equity prices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.

Foreign Currency Risk

Foreign currency risk is the risk where the value of the Group's financial instrument diminishes due to changes in foreign exchange rates. The Group's foreign currency risk relates to its US\$-denominated cash. The Group seeks to mitigate the effect of its currency exposure by matching the level of return on investment with the magnitude of foreign exchange fluctuation. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Group currently does not enter into derivative transactions to hedge its currency exposure.



The Group recognized foreign exchange loss of ₱0.24 million in 2019, and foreign exchange gain of ₱0.33 million and ₱0.03 million for the years ended December 31, 2018 and 2017, respectively. The exchange rate of Peso to US\$ as of December 31, 2019, 2018 and 2017 used in translating the US\$-denominated financial instruments is ₱50.64, ₱52.58 and ₱49.93, respectively.

The following table demonstrates the impact on the Group's net loss before income tax of reasonably possible changes in the US\$ (all other variables held constant). There is no other impact on the Group's equity other than those already affecting profit or loss as follows:

2019		2018	
Movement in US\$ rates	Effect on net loss	Movement in US\$ rates	Effect on net income
+4%	(₱232,788)	+5%	₱326,042
-4%	232,788	-5%	(326,042)

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value.

Cash and Cash Equivalents, Due from a Related Party, Refundable Deposits and Accounts Payable and Other Liabilities

The carrying amounts of cash and cash equivalents, due from related parties, refundable deposits and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Receivables

Fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar instruments.

Equity Instruments at FVTOCI

Fair value of equity instruments at FVTOCI are based on closing prices, published price and net asset value per unit as of the reporting date.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the fair value of the Group's financial instruments:

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Equity investments at FVTOCI				
Golf club shares	₱35,250,000	₱35,250,000	₱35,250,000	₱35,250,000
Shares of stock	7,958,458	7,958,458	17,040,036	17,040,036
Installment contract receivables	3,615,169	4,419,977	3,631,778	4,169,043
Total	₱46,823,627	₱47,628,435	₱55,921,814	₱56,459,079



The Group's financial instrument carried at fair value consists of equity shares which has been determined by reference to the price of the most recent transaction at the end of reporting period (Level 1) and golf club shares which has been determined by reference to published price quotation, (Level 2).

As of December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and there were no transfers into and out of Level 3 fair value measurements.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2019 and 2018.

The following table pertains to the account balances which the Group considers as its core economic capital:

	2019	2018
Common stock	P601,389,569	P600,559,569
Subscribed common stock - net	76,292,500	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	867,327,823	869,748,464
Treasury stock	(4,961,650)	(4,961,650)
	P1,612,320,382	P1,614,118,523

24. Segment Information

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

- The real estate development segment, which is engaged in the real estate business.
- Investment pertain to the activities of the Parent Company as a holding entity.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating income or loss in the consolidated financial statements. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group's Chief Operating Decision Maker.

The following tables regarding business segments present assets and liabilities, revenue and profit information for each of the three years in the period ended December 31, 2019.



December 31, 2019

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	P112,582,130	P-	P-	P-	P112,582,130
Income (loss) before income tax	(5,056,374)	1,957,795	(3,098,579)	-	(3,098,579)
Benefit from income tax	(677,938)	-	(677,938)	-	(677,938)
Net loss	(P4,378,436)	P1,957,795	(P2,420,641)	P-	(P2,420,641)
Assets					
Segment assets	P1,298,921,552	P1,478,949,120	P2,777,870,672	(P905,200,241)	P1,872,670,431
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	P1,298,921,552	P1,801,247,120	P3,100,168,672	(P1,227,498,241)	P1,872,670,431
Other segment information					
Segment liabilities	P1,143,109,395	P8,041,424	P1,151,150,819	(P905,200,241)	P245,950,578
Depreciation and amortization	3,236,852	702,471	3,939,323	-	3,939,323
Interest income	4,853,320	18,278,993	23,132,313	-	23,132,313

December 31, 2018

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	P137,575,939	P-	P-	P-	P137,575,939
Income (loss) before income tax	18,767,443	(5,680,739)	13,086,704	-	13,086,704
Provision for income tax	5,250,251	-	5,250,251	-	5,250,251
Net loss	P13,517,192	(P5,680,739)	P7,836,453	P-	P7,836,453
Assets					
Segment assets	P1,316,917,478	P1,484,948,143	P2,801,865,621	(P1,001,200,241)	P1,800,665,380
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	P1,316,917,478	P1,807,246,143	P3,124,163,621	(P1,323,498,241)	P1,800,665,380
Other segment information					
Segment liabilities	P1,156,555,253	P8,318,910	P1,164,874,163	(P1,001,200,241)	P163,673,922
Depreciation and amortization	2,284,640	587,568	2,872,208	-	2,872,208
Interest income	7,731,902	9,924,646	17,656,548	-	17,656,548

December 31, 2017

	Real Estate Development	Investment	Consolidated	Eliminations	Total
Segment results					
Revenue from real estate sales	P64,931,959	P-	P-	P-	P64,931,959
Loss before income tax	(14,440,921)	(8,378,741)	(22,819,662)	-	(22,819,662)
Provision for income tax	3,444,809	-	3,444,809	-	3,444,809
Net loss	(P17,885,730)	(P8,378,741)	(P26,264,471)	P-	(P26,264,471)
Assets					
Segment assets	P1,481,505,794	P1,387,093,361	P2,868,599,155	(P1,110,528,901)	P1,758,070,254
Investments	-	322,298,000	322,298,000	(322,298,000)	-
	P1,481,505,794	P1,709,391,361	P3,190,897,155	(P1,432,826,901)	P1,758,070,254
Other segment information					
Segment liabilities	P1,240,925,460	P6,699,327	P1,247,624,787	(P1,110,528,901)	P137,095,886
Depreciation and amortization	2,291,245	130,821	2,422,066	-	2,422,066
Interest income	7,908,897	4,987,979	12,896,876	-	12,896,876



25. Registration with the BOI

As disclosed in Note 1, SOC Land's current project is the Anuva Residences. The Project has been divided into two development phases with Phase 1 comprising of Tandem Buildings 1 and 2 and Phase 2 comprising of the other two buildings.

On September 2, 2011, Phase 1 project was duly registered with the BOI as a New Developer of Low-Cost Mass Housing on a Non-pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226). With the registration, SOC Land is entitled to an ITH for three years from October 2011 or actual start of commercial operations or selling, whichever is earlier, but in no case earlier than the date of registration. Under the specific terms and conditions of the registration, SOC Land shall submit proof of compliance that it has developed socialized housing project and accomplished corporate social responsibility activities that were duly identified by BOI in conjunction with the entitlement of ITH. The compliance with the socialized housing requirement shall be completed within the ITH entitlement period of SOC Land.

On August 14, 2014, the Subsidiary has opted to surrender the original copy of the Certificate of Registration no. 2011-193 issued to the Subsidiary as New Developer of Low-Cost Mass Housing Project which cancelled the Subsidiary's entitlement to an ITH for three years.

26. Contracts and Commitments

The Group has the following significant commitments and agreements:

Construction Agreements and Purchase Commitments

The Group entered into various construction-related contracts for the Anala and Althea Project. These contracts pertain to construction management, general construction works, exterior wall construction works, land development works, mechanical works and electrical and auxiliary works. The contracts for the Anala Project commenced on various dates in 2011 and 2012, with terms ranging from 3 weeks to 2 years. These contracts expired on various dates in 2012 until May 2015, the anticipated turnover date of Anala. The contracts relating to the Althea Project ranges from 120 to 180 days.

These agreements require down payment of 15% to 20% of the contract price while the balance will be settled through progress billings. The agreements also include a provision whereby the Group shall deduct 10% retention from every progress payment until full completion of the project work. Retention payable related to these contracts amounted to ₱1.26 million and ₱0.86 million as of December 31, 2019 and 2018, respectively (see Note 13). These are expected to be settled in 2020.

Lease Agreements

- a. In 2012, the Parent Company entered into a renewable lease contract with Haldane Investment NV, duly represented by E. Zobel, Inc. for the lease of the 4/F Unit of Enzo Building, located at No. 399 Gil J. Puyat Avenue, Makati City. The contract is for a term of eight months commencing on May 1, 2012 and expiring December 31, 2012. The lease is renewable every year for a period of 12 months, which is still effective in 2019. In line with the contract, the Parent Company paid a refundable deposit, which is classified under "Prepayments and other current assets" (see Note 8). Minimum lease payments within a year under this contract is ₱0.2 million.
- b. On June 16, 2015, the Subsidiary entered into a new lease contract with E. Zobel, Inc. for the transfer of office space from 4th Floor to 2nd Floor of Enzo Building, located at No. 399 Senator Gil Puyat Avenue, Makati City for a period of six months. The lease agreement is renewable on a



yearly basis subject to the mutual agreement of the parties. In January 2019, the Subsidiary renewed the lease for another year.

- c. The Group paid security deposit amounting to ₱0.3 million to answer for any and all damages to the leased premises and as security for the return of the leased premises in proper condition. Minimum lease payments within one year amounted to ₱1.7 million.
- d. The Group also entered into a lease contract with a third-party contractor to provide service vehicle to Company officers. The contract is renewable every six months. Minimum lease payments within one year amounted to ₱0.7 million.

The Group recognized short-term lease amounted to ₱2.3 million and related rent expense amounted to ₱2.3 million in 2018 and 2017 (see Notes 14 and 15).

27. Events after the Reporting Period

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020. After which Modified ECQ was implemented to Metro Manila until May 31, 2020, and General Community Quarantine until June 15, 2020, which was then subsequently extended to June 30, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.



SOCRESOURCES, INC. AND SUBSIDIARY**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Unappropriated retained earnings, beginning	₱287,374,864
Less: Treasury shares	(4,961,650)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	282,413,214
Net income during the period closed to retained earnings	1,957,795
TOTAL RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DECLARATION, END	₱284,371,009



SOCRESOURCES, INC. AND SUBSIDIARY

SUPPLEMENTAL SCHEDULES OF FINANCIAL SOUNDNESS INDICATORS

Ratio	December 31		
	2019	2018	2017
Current	9.19	12.44	12.32
Asset-to-equity	1.16	1.12	1.09
Debt-to-equity	0.15	0.09	0.05
Asset-to-liability	7.57	11.00	12.82
Solvency	0.01	0.07	(0.17)
Interest rate coverage	—	—	—
Acid-test ratio	3.13	3.78	3.16
Return on equity (%)	(0.15%)	0.48%	(1.62%)
Basic/Diluted earnings per share	(₱0.0040)	₱0.0130	(₱0.0437)

Manner of Calculation:

Current ratio	=	Total Current Assets / Total Current Liabilities
Asset-to-equity ratio	=	$\frac{\text{Total Assets}}{\text{Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)}}$
Debt-to-equity ratio	=	$\frac{\text{Accounts payable and other liabilities} + \text{Contract liabilities}}{\text{Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)}}$
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Solvency ratio	=	$\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$
Interest rate coverage ratio	=	$\frac{\text{Net Income Before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$
Acid-test ratio	=	$\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Installment Contracts Receivable, current} + \text{Contract Assets, current} + \text{Other Receivables, current}}{\text{Total Current Liabilities}}$
Return on equity ratio	=	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$
Basic/Diluted earnings per share	=	$\frac{\text{Net Income after Tax}}{\text{Outstanding shares}}$



SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 3: Other long term investments and other Investments

Available for Sale Financial Assets

As of December 31, 2019

In Philippine Peso unless stated

Name of Issuing Entity & Description of Investment	Number of Shares or Principal Amount of Bonds & Notes	Value Based on Market Quotations at the end of Reporting Period	Dividends, Interest Received from Investments not accounted for by the equity Method
Investment in Shares of Stocks			
<i>Listed - Domestic</i>			
Aboitiz Equity Ventures, Inc.	7,800	401,310	30,334
Lepanto Consolidated Mining Company "A"	2,078,000	189,098	
Manila Mining Corporation "A"	26,480,000	198,600	
Manila Water Company, Inc.	265,000	2,740,100	241,203
Petron	1,147,500	4,429,350	114,750
		7,958,458	386,287
<i>Not Listed - Domestic</i>			
Wackwack Golf & Country Club	1	35,000,000	
Southwest Resources, Inc.		3,333,500	
Mt. Malarayat Golf & Country Club	1	250,000	
		38,583,500	
Allowance for Impairment on AFS - Unlisted		(3,333,500)	
		35,250,000	
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS		43,208,458	

SOCResources, Inc. and Subsidiary

Schedule 4: Aging of Consolidated Accounts Receivable

As of December 31,2019

	CURRENT					PAST DUE			Past due Accounts
	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-4 Years	5 Years - Above	
Accounts Receivable									
1 Installment Contract Receivable	3,615,169	3,615,169	-	-	-	-	-	-	
2 Officers and employees	19,241,592	221,449	161	7,169	12,813	-	-	19,000,000	
3 IGC Securities, Inc.	10,296	10,296	-	-	-	-	-	-	
4 Unit Owners	4,140,538	4,140,538	-	-	-	-	-	-	
5 Due from Anuva Condo	(4,083)	(4,083)	-	-	-	-	-	-	
6 Due from Althea HOA	35,141	-	-	-	-	35,141	-	-	
7 Due from HDMF	1,191,174	823,074	224,706	143,395	-	-	-	-	
8 Others	2,499,107	946,934	13,218	223,804	126,097	783,827	396,827	8,400	
Subtotal	30,728,934	9,753,377	238,084	374,368	138,910	818,968	396,827	19,008,400	
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	30,728,934	9,753,377	238,084	374,368	138,910	818,968	396,827	19,008,400	NONE
Net Receivables	30,728,934	9,753,377	238,084	374,368	138,910	818,968	396,827	19,008,400	NONE

Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

Accounts Receivable Description :

Type of A/R :	Nature/Description	Collection Period
		monthly payment of interest & quarterly payment of principal
1) Amount owed by a related party	Receivable from SCPI	
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) Others	Receivable from third party	past due yet collectible
Notes : Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both for trade and non-trade accounts.		

Normal Operating Cycle: 1 (one) year

SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 5: Amounts Receivable from Related Parties which are eliminated during the consolidation of Financial Statements

As of December 31, 2019

		Beginning Balance	Deductions	Ending Balance
		December 31, 2018		December 31, 2019
SOC Land Development, Corp.		1,001,200,241	(96,000,000)	905,200,241

SOCRESOURCES, INC. AND SUBSIDIARY

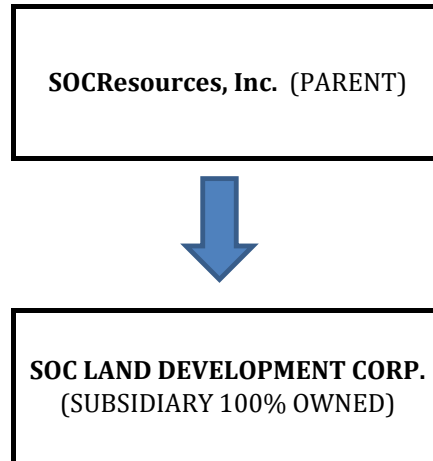
Schedule 7: Key Performance Indicator

	KEY FINANCIAL RATIOS	December 31, 2019	December 31, 2018
I.	Current/Liquidity Ratios	9.27 x	12.55 x
II.	Solvency Ratio	0.61%	6.54%
III.	Debt-to-equity ratio (in x)	0.1522 x	0.1000 x
IV.	Asset to Equity Ratio	1.1522 x	1.1000 x
V.	Interest Rate Coverage Ratio	N/A	N/A
VI.	Profitability Ratio		
	Return on Equity (ROE)	-0.15%	0.48%
	Return on Assets (ROA)	-0.13%	0.44%
VII.	Other Relevant Ratios		
	Revenue Growth/ (Decline)	-16.91%	96.06%
	Net Income Growth/ (Decline)	-130.89%	129.84%
	EBITDA	Php 1,518,682	Php 10,708,661

SOCRESOURCES, INC. AND SUBSIDIARY

Schedule 8: Map of the Relationships of the Companies within the Group

As of December 31, 2019



Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	SOCResources Inc. (SOC or the Company)
Location of Headquarters	4f, ENZO Building, 399 Sen. Gil Puyat Ave., Makati City
Location of Operations	Makati, Laguna, Muntinlupa
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This report discusses SOC's performance at the parent company level and its subsidiary SOC Land Development Corp. (SOC Land)
Business Model, including Primary Activities, Brands, Products, and Services	SOC is a listed Philippine holding company currently with a wholly owned subsidiary with interests in property development. The company also seeks to venture into agro-forestry, energy and mineral development
Reporting Period	January 1 to December 31, 2019
Highest Ranking Person responsible for this report	David R. Baladad, VP Operations & Corporate Compliance Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>SOC identified the following stakeholder groups that would be consulted on the basis of their influence on the Company's economic, social, and environmental performance, and who are most affected by its operations: (a) Principals; (b) Employees; (c) Shareholders; (d) Customers and (e) Subsidiary.</p> <p>A study among the identified stakeholders resulted in the following material topics and disclosures that are part of this reporting template:</p> <p>I. Economic</p> <ul style="list-style-type: none">A. Economic Performance<ul style="list-style-type: none">1. Direct Economic Value Generated and DistributedB. Anti-Corruption<ul style="list-style-type: none">1. Training on Anti-Corruption Policies and Procedures <p>II. Environment</p> <ul style="list-style-type: none">A. Resource Management<ul style="list-style-type: none">1. Reduction of energy consumption <p>III. Social</p> <ul style="list-style-type: none">A. Employee Management<ul style="list-style-type: none">1. Employee Hiring and Benefits

<div>2. Employee Training and Development</div> <div>B. Customer Management</div> <div>1. Marketing and Branding</div> <div>2. Customer privacy</div> <div>3. Data Security</div>	

ECONOMIC

Economic Performance

SOC aims to increase shareholder value and company growth by optimizing capital and expenditures to expand business activities. Our contribution to society is to provide affordable quality housing in the midst of a housing shortage, working to greater professionalism and affording reasonable returns for the company and its employees. SOC owned properties means it doesn't need to partner with other land owners or buy expensive lots to develop. Housing developments have big multiplier effects on domestic economy, with every peso spent on building houses generating several more pesos in our gross domestic product.

Outside property development, the Company seeks other investment opportunities including agro-forestry, energy and mineral exploration.

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	136,590,509	PhP
Direct economic value distributed:		
a. Operating costs	139,460,732	PhP
b. Employee wages and benefits	27,444,316	PhP
c. Payments to suppliers, other operating costs	–	PhP
d. Dividends given to stockholders and interest payments to loan providers	–	PhP
e. Taxes given to government	18,208,044	PhP
f. Investments to community (e.g. donations, CSR)	–	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The value generated by the Company and its subsidiary activities affect the economic and demographic profile of the area where it operates.</p> <p>By providing affordable housing, the Company believes it positively</p>	<p>Employees Suppliers Government Customers Communities Shareholders</p>	<p>SOC aims to continue to provide affordable quality housing by acquiring new lands. It also seeks to expand shareholder value by pursuing other opportunities that would lead to self-sufficient activities like food production</p>

contributes to economic growth and social stability among its stakeholders.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
A downturn in economic conditions, political instability, man-made and natural disasters, fraud, adverse governmental regulation, lawsuit or corruption could have adverse material impact on the Company's business operations.	Employees Suppliers Government Customers Communities Shareholders	<p>The Company has mitigation plans including internal control measures to minimize financial risks. Employees are made aware of their responsibilities through the Employees Handbook. Loan risk is low due to internally sourced funding of projects.</p> <p>The Company will come up with a more deliberate strategy to address natural and climate related disasters.</p> <p>The Company seeks to diversify into other businesses to spread risk.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company seeks for opportunities to increase its land bank for use in property development. It also looks for opportunities in agro-forestry than may lead to food production as well as energy and mineral exploration to contribute to energy self sufficiency	Employees Suppliers Government Customers Communities Shareholders	Diversification into other businesses spreads risk that may be encountered in a single focus business and gives the Company new legs of stability to make it resilient and continue operation

Climate-related risks and opportunities

SOC recognizes the relevance of climate-related risks and opportunities and is in the process of crafting its comprehensive Climate Action Plan, building scenario and outlining long-term goals. At present it does not have sufficient information to fully assess the climate-related risks and opportunities at this stage. The Company's carbon footprint is minimal at this time as there are no ongoing constructions. The Company plans to conduct studies within the next two to three years to further delineate areas of this topic of materiality.

Governance	Strategy	Risk Management	Metrics and Targets
N/A	N/A	N/A	N/A
Recommended Disclosures			
N/A	N/A	N/A	N/A

Procurement Practices

This disclosure is not material to the Company as per materiality process.

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	NA	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	35	100%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	44	100%
Percentage of directors and management that have received anti-corruption training	10	100%
Percentage of employees that have received anti-corruption training	35	100%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Corruption in the workplace may damage the Company's reputation which may result financial, legal, and regulatory consequences leading to low morale of internal stakeholders	Employees	The Company's Employees Code provides penalties for corruption violations. The Code also states that all directors, officers, and employees shall ensure the conduct of fair business transactions and that personal interest does not affect the exercise of their duties. Procurement and audit policies are in place.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Training on anti-corruption policies and procedures may not be highlighted as a key sustainability initiative of the Company.	Employees	The Company shall integrate its anti corruption policies and procedures in its Code of Discipline for employees.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Training on anti-corruption policies and procedures provides a guide to internal stakeholders about actions that	Employees	Once integrated in the Code of Discipline, the Company shall require annual acknowledgement of the understanding of its provisions to

are deemed acceptable in the conduct of business operations.		ensure constant communication and awareness.
--	--	--

Incidents of Corruption

This disclosure is not material to the Company as per materiality process.

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	N/A	#
Number of incidents in which employees were dismissed or disciplined for corruption	N/A	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material Impact	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No identified material risk	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No identified opportunity	N/A	N/A

ENVIRONMENT

Resource Management

Electricity is the main energy resource consumed in SOC and its subsidiary.

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	4,560	Liters
Energy consumption (electricity)	396,000	kWh

Reduction of energy consumption

SOC will report on the reduction when sufficient data has been gathered

Disclosure	Quantity	Units
Energy reduction (gasoline)	Data Gathering ongoing	GJ
Energy reduction (LPG)	Data Gathering ongoing	GJ
Energy reduction (diesel)	Data Gathering ongoing	GJ
Energy reduction (electricity)	Data Gathering ongoing	kWh
Energy reduction (gasoline)	Data Gathering ongoing	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SOC sources electricity from the local grid.	Employees Suppliers Customers	SOC implements energy saving through the use of LED lights and inverter air conditioners when applicable. The Company is setting up a process to evaluate its approach for more comprehensive energy utilization and reduction. SOC is also studying the transition to solar powered outdoor lighting in its projects.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Energy conservation could mean increase in capital expenditures	Principals Employees Customers Suppliers	SOC shall assess the current energy utilization and determine the necessary adjustments when applicable

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Energy conservation and renewable energy utilization could result in long term savings as well as reduce carbon footprint of the Company	Principals Employees Customers Suppliers	SOC explores for methods and technologies that have lesser negative impacts on the environment. SOC is also studying the transition to solar powered outdoor lighting in its projects.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	18,800	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
SOC's core operations are not water intensive and sources water from the local water utility. It is consumed primarily for employee lavatories, maintenance and cleanliness of offices and common areas	Employees	Water consumption is monitored for maintenance and use
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No Identified material risk in its core operations	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Water recycling Waterless Urinals Water saving campaigns	Employees	SOC will explore the implementation of water-saving facilities in areas of operation

Materials used by the organization

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	N/A	kg/liters
• non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN ² Red List species and national conservation list species with habitats in areas affected by operations	N/A	

² International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental impact management

Air Emissions

This disclosure is not material to SOC as per materiality process.

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies	Which stakeholders are	Management Approach

Identified?	affected?	
N/A	N/A	N/A

Air pollutants

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
NO _x	N/A	kg
SO _x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Solid and Hazardous Wastes

This disclosure is not material to SOC as per materiality process.

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable	N/A	kg
Recyclable	N/A	kg

Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		

Hazardous Waste

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	21,600	Cubic meters
Percent of wastewater recycled	0%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Impact on the environment on waste water disposal.	Community Government	Steps are being undertaken to improve the Sewage Treatment facility and plan for recycling facilities in future projects.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Recycled water facilities require capital expenditures.	Principal	SOC is committed to environmental preservation and is willing to invest in it.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Using recycled water will save on water and water utility costs.	Community	Long term savings on capital expenditure as a result of environmental preservation efforts.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP

No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations may damage SOC reputation.	Employees Community Government	Maintain compliance with environmental laws and regulations
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations may damage SOC reputation as well as result in breach of its contractual obligations.	Principals Employees Government Community	SOC is continually finding ways to limit environmental impact.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technology requires capital expenditure but lessens long term operational expenses.	Principals Shareholders	SOC reviews technological advances that will benefit environmental preservation.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ³	36	100%
a. Number of female employees	20	55.56%
b. Number of male employees	16	44.44%

³ Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

Attrition rate ⁴	4	11%
Ratio of lowest paid employee against minimum wage	0	0%

Employee benefits

List of Benefits	Y/N		% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		2	0
PhilHealth	Y		1	0
Pag-ibig	Y		1	0
Parental leaves	Y		0	0
Vacation leaves	Y		13	15
Sick leaves	Y		13	15
Medical benefits (aside from PhilHealth))	Y		2	3
Housing assistance (aside from Pag-ibig)	N		0	0
Retirement fund (aside from SSS)	N		0	0
Further education support	N		0	0
Company stock options	N		0	0
Telecommuting	N		0	0
Flexible-working Hours	Y		19	11
(Others)	N		0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MANPOWER <ul style="list-style-type: none"> a. Recruitment b. Compensation & benefits c. Labor relations/ company code of conduct and disciplinary action 	<ul style="list-style-type: none"> a. Existing HR SPI (Standard Policy Instruction) on recruitment, screening and hiring of qualified and competent personnel to fit organizational requirement. b. Compensation & benefits – established competitive compensation package within the real estate industry. Compliant to government social benefits and labor standards.

⁴ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

	<p>c. Defined acceptable code of conduct and behavior inside and outside the company premises during official business hours;</p> <p>Implements due process for any infraction before imposition of any disciplinary action.</p>
What are the Risk/s Identified?	Management Approach
<p>Failure to hire qualified employees would greatly affect quality of real estate development.</p> <p>Dishonest sellers who may misrepresent during sale and promotion of units</p>	<p>Strict implementation of recruitment, screening, background verification, competencies evaluation and on-boarding procedure.</p> <p>This same standard is applied in accrediting brokers and sellers to strictly uphold integrity in sales of housing units developed.</p>
What are the Opportunity/ies Identified?	Management Approach
<p>By hiring qualified employees and contractors, SOC develops and constructs quality housing units that gives buyer value for money. Creates positive public image to SOC quality houses at competitive price levels</p>	<p>Open to new opportunities for improved screening and recruitment of manpower to address organizational needs.</p>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	9	836hours
b. Male employees	4	42 hours
Average training hours provided to employees		
a. Female employees	9	92hrs/employee
b. Male employees	4	11hrs/employee

What is the impact and where does it occur?	Management Approach
What is the organization's involvement in the impact?	
<p>Training and development of human asset of the organization impacts on the organization's quality of products sold, in case of SOC, residential horizontal and vertical housing units in the real estate industry.</p>	<p>Ensure that its employees are trained and develop to meet changes and challenges in the real estate industry such as computerization of its business process to meet clients, stakeholders , statutory and regulatory requirements.</p> <p>Update and train on latest government mandated labor and social legislation to ensure compliance to its employees' welfare.</p>

	Established written policies on Disciplinary Action process, and strict implementation of due process procedure.
What are the Risk/s Identified?	Management Approach
Failure to develop and train human resources, will cause turnover and dissatisfaction. And will manifest in quality and quantity of work output.	Identify training and development needs through regular semi-annual evaluation; corrective and preventive actions to problems encountered attributed to human resources; response to customer complaint or failure to meet regulatory and statutory requirements are best source of identifying training need and gaps in the organization
What are the Opportunity/ies Identified?	Management Approach
Training and developing employee skills and competencies are one of the tools for employee retention; thus reducing labor turn-over. Establish continuity of functions and records/documents management.	Establish training retention policy to ensure return of training investments. Evaluate readiness for more responsible position as a result of training and development. Can be used as a tool for succession planning.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	0 %
Number of consultations conducted with employees concerning employee-related policies	10	70%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Employee - management interaction on HR policies and programs, opens and gives employees chance to voice out concerns and clarification to issues relative to employee benefits, disciplinary actions, training programs. Clarifies misconceptions and fake news within the organization that could impact to client and company reputation in the industry.	Regular monthly employees' hours to discuss matters affecting management and employee relations. Periodic issuance of memoranda and policies to govern employee/management relations. Management and HR open door policy encourages communications of concerns and immediate clarifications/decisions to address and correct possible problems.
What are the Risk/s Identified?	Management Approach
Failure to establish mechanism for open labor management relations creates risk for employee	Minimize if not eliminate the risk of employee dissatisfaction and turnover, and improve

dissatisfaction manifested in absences, tardiness, poor quality of work and attitude problem which can impact in quality of client service and satisfaction	performance thru open and honest grievance procedure and mechanism.
What are the Opportunity/ies Identified?	Management Approach
Happy employees reduce problems; equates to happy and satisfied clients. Positive company image in the industry would mean more sales.	Pro active decision making to address and correct grievances. Fair and equitable of implementation of code of discipline to all employees

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	20	55.55%
% of male workers in the workforce	16	44.44%
Number of employees from indigenous communities and/or vulnerable sector*	4	11.11%

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
SOC is an equal opportunity company, hiring employees based on competencies, skills and experience including organizational fit.	SOC as an organization is gender sensitive and does not discriminate any employee due to sexual orientation or cultural background or marital status. Is compliant to DOLE policies on labor standards.
What are the Risk/s Identified?	Management Approach
Having biases against sex, age, cultural identity will limit the organization's ability to hire qualified employees. And will also impact on the quality of its manpower in the organization.	Hire for attitude, train for skills; practice non-discrimination against sex, cultural diversity or marital status.
What are the Opportunity/ies Identified?	Management Approach
Practicing equal opportunity for employment opens wider selection of qualified employees that will be able to meet corporate goals and objectives.	Create positive organizational culture where diversity in religion, background, sexual orientation, marital status is not an issue; but focus on qualifications and competence to deliver expected output and productivity.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries	N/A	#
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Ensuring workplace health and safety lessens if not eliminates accident in the workplace and zero man-hour lost. A healthy and safe company ensures productivity. Impacts positive client or unit owners' relations; including in the local community where the housing units are located.	Ensures compliance to safe and healthy working conditions per OSH policy of DOLE, DENR and other government regulatory bodies.
What are the Risk/s Identified?	Management Approach
Unsafe and unhealthy workplace, impacts on the company and the community where the housing development project is located. Poor sales and high risk of accident may occur.	Control and reduce risk in health and safety issues by complying to government regulatory requirement. Establish safe and healthy practices in the workplace.
What are the Opportunity/ies Identified?	Management Approach
Safe and healthy workplace, creates positive vibe within the organization, and with clients and community.	Ensure compliance to health and safety regulations. Communicate and reassure all stakeholders, employees, clients and local community of the safety factors and practices during land development, construction, and turnover to unit buyers.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	N/A	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	In compliance to labor standards of DOLE
Child labor	Y	In compliance to labor standards of DOLE
Human Rights	Y	In compliance to labor standards of DOLE

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Violating labor standards in terms of forced labor, child labor or human rights violations creates a very negative company image for the organization and in the industry. Will result to poor sales and strained community relations.</i>	<i>Strict compliance to DOLE's labor standard against forced labor, child labor and human rights violations</i>
What are the Risk/s Identified?	Management Approach
<i>Company will face sanctions for violating labor standards. Risk of litigation for sexual harassment or bullying in the workplace.</i>	<i>SOC Company Code of Conduct explicitly defines sanctions for these kinds of violations.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>No social stigma for violation of labor standards, including violation of human rights. Uphold SOC's image as a clean company.</i>	<i>Does not tolerate abuses in the workplace, sanctions are imposed after due process.</i>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

SOC targets to develop a supplier social policy to be implemented in 2020/21.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	N/A
Forced labor	N/A	N/A
Child labor	N/A	N/A
Human rights	N/A	N/A
Bribery and corruption	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach

N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Relationship with Community

This disclosure is not material to SOC as per materiality process.

SOC has no operations in a proposed site in Palawan island where it has been awarded a CP by the NCIP. The Company is still in the process of securing an ECC to allow for the start of an agro-forestry project. The Company therefore cannot report any significant activity on this matter

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#

CP secured	N/A	#
------------	-----	---

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	Management Approach
N/A	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	90%	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction is paramount in customer return loyalty	The Company/Subsidiary have in place a customer feedback system wherein customers may communicate any form of feedback
What are the Risk/s Identified?	Management Approach
Customer dissatisfaction can result in loss of sale and negative reputational risk	Conduct customer follow-ups to address their concerns
What are the Opportunity/ies Identified?	Management Approach
Customer engagement can foster better customer relations that leads to brand recall	The Company is in the process improving customer feedback

Health and Safety

This disclosure is not material to SOC as per materiality process.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	N/A
What are the Risk/s Identified?	Management Approach
N/A	N/A
What are the Opportunity/ies Identified?	Management Approach
N/A	N/A

Marketing and labelling

In this instance it is the subsidiary SOC Land that has filed a complaint.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	1	#
No. of complaints addressed	1 (Ongoing)	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
A new property developer under a similar sounding company name was registered with the SEC and IPO creating confusion with SOC Land.	Initiated formal complaint with the SEC against the confusingly similar company name.
What are the Risk/s Identified?	Management Approach
Consumers may mistakenly identify the other company as SOC Land that will affect the public's perception of the company.	Implement a corporate branding campaign to further establish SOC Land brand.
What are the Opportunity/ies Identified?	Management Approach
The Corporate Branding campaign also acts as a sales campaign that should result in lead and sales generation particularly in digital medium.	Take advantage of the inexpensive digital platform available for corporate branding and marketing campaign.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#

No. of customers, users and account holders whose information is used for secondary purposes	0	#
--	---	---

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This pertains to processing of personal information wherein breach could result in damage and/or loss of customer confidence	The company aims to protect the right of its data subjects to privacy while ensuring free flow of information to promote innovation, growth, and development.
What are the Risk/s Identified?	Management Approach
Exposure to potential reputation damage for data privacy breach	Ensure compliance with Data Privacy Law
What are the Opportunity/ies Identified?	Management Approach
Strengthen customer trust and confidence by improving data privacy	Keep abreast in developments in Data Privacy

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Data security breach could result in damage and/or loss of customer confidence	SOC Land has invested in a new business system to help prevent data breaches on customer information and documents.
What are the Risk/s Identified?	Management Approach
Data security breaches could lead to customer dissatisfaction resulting in damage and loss of sale	A new business system is in place to protect the company from data security breaches that may lead to customer dissatisfaction resulting in damage and loss of sale
What are the Opportunity/ies Identified?	Management Approach
A centralized business system offers a ready solution to this problem	Business system has been procured for implementation and launch in 2020.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Vertical and Horizontal Residential Units	SOC/SOC Land help families acquire affordable quality housing and address the housing backlog	Apart from the environmental, social, and economic impacts identified above, SOC/SOC Land see no further material impacts.	Ensure compliance with pertinent government agencies. SOC and its subsidiary will set a plan to further identify any shortcomings in this sector

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

CERTIFICATION

I, Ronna C. De Leon, Accounting Manager of SOCResources, Inc. with SEC Registration number AS0-06441 with principal office at 4F ENZO Building 399 Senator Gil Puyat Avenue, Makati City, on oath state:

1. That on behalf of SOCResources, Inc., I have caused this SEC Form 17A – Annual Report (2019) to be prepared;
2. That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. That the company SOCResources, Inc. will comply with the requirements set forth in the SEC Notice dated 24 June 2020 for a complete and final submission of reports and/or documents through electronic mail; and
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of June 2020.


RONNA C. DE LEON
AFFIANT

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2020 at the city of Makati, affiant who is personally known to me, and/or has satisfactorily proven to me her identity through competent evidence, exhibiting to me her PRC License with No. 120616 expiring on 11 October 2020.

Doc. No. ____;

Page No. ____;

Book No. ____;

Series of 2020